

Tourmaline Closes the Acquisition of Santonia Energy, Increases Guidance and Updates EP Activities

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CALGARY, ALBERTA -- (Marketwired - Apr 24, 2014) - [Tourmaline Oil Corp.](#) (TSX:TOU) ("Tourmaline" or the "Company") is pleased to announce the completion of its previously announced acquisition of all of the outstanding common shares of [Santonia Energy Inc.](#) ("Santonia") pursuant to an arrangement (the "Arrangement") under the Business Corporations Act (Alberta). Under the Arrangement, which was approved by Santonia shareholders by greater than a 99% majority, Santonia shareholders received 0.03012 of a Tourmaline common share for each Santonia common share resulting in the issuance of approximately 3.2 million Tourmaline common shares.

The acquisition of Santonia provides Tourmaline with a large, contiguous production and land base immediately adjacent to the Company's existing Deep Basin core area. The acquisition is part of an ongoing strategy to continue to expand operations in the Deep Basin, one of the premier natural gas and associated liquid play areas in Canada.

Peters & Co. Limited acted as exclusive financial advisor to Tourmaline with respect to the Arrangement.

Production Update

Tourmaline reached the 117,000 boepd production level during the third week of April. The Company has an additional 16,000 boepd of already tied-in production awaiting facility access or expansions. This 16,000 boepd of additional production capacity is primarily at Spirit River AB., Sunrise-Dawson B.C., and Horse-Smoky AB., and is anticipated to come on-stream during the second half of 2014 with the completion of ongoing facility projects in all three areas. With current daily natural gas production of approximately 585 to 600 mmcfpd, Tourmaline is now one of the top 5 largest natural gas producers in Canada.

First quarter 2014 estimated average production of 102,600 boepd represents 19% growth over the prior quarter and the second consecutive quarter where quarterly production growth is in excess of 15%. Tourmaline remains on track to achieve average production for 2014 of 120,000 boepd, representing 60% growth over the average 2013 production of 74,796 boepd. The Company expects daily average production in Q1 2014 of approximately 102,600 boepd; Q2 2014 average production of 115,000-120,000 boepd; Q3 2014 average production of 120,000-125,000 boepd; and Q4 average production of 135,000-140,000 boepd. These estimates are net of an assumed daily average unscheduled down-time provision of 8,000 boepd for the remainder of the year. Unscheduled down-time in Q1 2014 was 8,500 boepd, compared to an average of 5,000 boepd in 2013 with the majority of the increase attributed to temporary production shut-ins due to offsetting competitor completion and fracture stimulation operations. Given the improved natural gas price environment, the Company expects this increased industry activity to continue in its operated areas after spring break-up.

The Company's facility projects at Spirit River AB., Doe B.C., and Musreau AB., remain on schedule for a late Q3/early Q4 2014 start-up and are anticipated to increase corporate daily production by approximately 25,000 boepd in aggregate.

The Company also expects to complete a large pipeline lateral connecting the Smoky-Berland complex to the Wild River plant during the third quarter, which will allow currently shut-in volumes at Smoky to flow to the Tourmaline facility at Wild River.

Financial Update

The Company is increasing financial estimates for 2014 due to stronger natural gas prices and providing 2015 preliminary guidance due to the combined effects of stronger production arising from the Santonia acquisition and anticipated higher natural gas prices. Estimated 2014 cash flow has been increased 7% to \$1.09 billion, utilizing an AECO natural gas price of \$4.64/mcf and WTI oil price of US \$97.40/bbl. This represents 106% growth over 2013 cash flow of \$526.8 million. Cash flow in 2015 is estimated at \$1.48

billion, based on estimated daily average production of 159,500 boepd, an AECO natural gas price of \$4.43/mcf and a WTI oil price of US \$93.38/bbl.

Capital spending for 2014 is now estimated at \$1.1 billion, with incremental spending anticipated to be incurred with the addition of one more rig in NEBC, the Berland to Wild River pipeline lateral, and acceleration of the Wild River plant expansion.

With the recent increase in natural gas prices, Tourmaline has chosen to put in place additional hedges resulting in approximately 217.6 mmcfpd hedged production at an average price of \$4.20/mcf or 36% of anticipated full year 2014 natural gas production.

EP Update

Tourmaline is currently operating 2 drilling rigs in NEBC, with the remaining 15 rigs shut down for break-up. The Company is planning to operate 18 drilling rigs during the second half of 2014, with 12 rigs in the Alberta Deep Basin, 3 rigs pursuing Montney gas-condensate in NEBC, and 3 rigs pursuing the Triassic Charlie Lake oil play on the Peace River High.

Alberta Deep Basin

First quarter 2014 drilling results in the Alberta Deep Basin were the best in the Company's history. The Company drilled and completed 30 horizontal wells targeting the Wilrich, Notikewin and Falher formations in the Deep Basin tying in 28 of these wells during the first quarter. Of the 17 wells that have been on production for greater than one month, 16 of them have 30-day IP rates in excess of the Company's production/economic template of 5.0 mmcfpd. The actual 30-day IP average of these 17 wells is 10.4 mmcfpd. As longer term production performance data becomes available on the remaining wells, the Company will consider updating its internal economic template to reflect revised average production rates. The future horizontal drilling inventory has been increased substantially thus far in 2014 through both additions at crown land sales and the Santonia acquisition.

One of the Deep Basin rigs will focus on a series of high potential locations already identified on the Santonia land base during the second half of 2014.

NEBC Montney Gas/Condensate

Production in NEBC reached a record 35,000 boepd in mid-April, with an additional 6,000 boepd shut-in awaiting the planned third quarter facility expansions at Doe and Sundown. The Company has drilled two successful follow-up wells to its previously announced Q4 2013 Lower Montney gas-condensate discovery and will disclose further information once these wells are brought on-stream. The Company is adding an additional rig in NEBC to pursue this expanding, new opportunity. Tourmaline has also drilled an extended reach horizontal in the Doig formation at Sundown, and will complete this well after break-up.

Peace River High Charlie Lake Oil

Production from the overall Peace River High complex is expected to reach the 13,000 boepd level with the start-up next week of the initial battery at Mulligan. Drilling operations are expected to recommence in June with an additional 30 horizontal wells planned to be drilled, completed and on-stream by year-end. The Company's new sour gas injection gas plant at Sprit River remains on schedule for an early October 2014 start-up allowing Tourmaline to bring on stream approximately 5,000 boepd of production that is currently shut-in.

Exploration Program

Completion operations on the Company's two potential Paleozoic gas discoveries will commence as soon as access is possible after break-up. There are a total of 7 prospective new pay zones in the Paleozoic to complete between the two, cased exploration wells.

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws. The

use of any of the words "forecast", "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this press release contains forward-looking information concerning Tourmaline's plans and other aspects of its anticipated future operations, management focus, objectives, strategies, financial, operating and production results and business opportunities, including anticipated petroleum and natural gas production for various periods, cash flows, capital spending, projected operating and drilling costs, the timing for facility expansions and facility start-up dates, as well as Tourmaline's future drilling prospects and plans, business strategy, future development and growth opportunities, prospects and asset base. The forward-looking information is based on certain key expectations and assumptions made by Tourmaline, including expectations and assumptions concerning: prevailing commodity prices and exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve volumes; operating costs the timing of receipt of regulatory approvals; the performance of existing wells; the success obtained in drilling new wells; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the successful completion of acquisitions and dispositions; the availability and cost of labour and services; the state of the economy and the exploration and production business; the availability and cost of financing, labor and services; and ability to market oil and natural gas successfully.

Statements relating to "reserves" are also deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

Although Tourmaline believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Tourmaline can give no assurances that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations. Readers are cautioned that the foregoing list of factors is not exhaustive.

Also included in this press release are estimates of Tourmaline's 2014 annual cash flow and capital spending as well as, preliminary guidance on 2015 anticipated cash flows, which are based on the various assumptions as to production levels, including estimated average production of 120,000 boepd for 2014 and 159,500 boepd for 2015, capital expenditures, and other assumptions disclosed in this press release and including commodity price assumptions for natural gas (AECO - \$4.64 /mcf for 2014 and \$4.43/mcf for 2015), and crude oil (WTI (US) - \$97.40/bbl for 2014 and \$93.38/bbl for 2015) and an exchange rate assumption of (US/CAD) \$0.92 for 2014 and \$0.90 for 2015. To the extent any such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Tourmaline on April 24, 2014 and is included to provide readers with an understanding of Tourmaline's anticipated cash flows based on the capital expenditure and other assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes.

Additional information on these and other factors that could affect Tourmaline, or its operations or financial results, are included in the Company's most recently filed Management's Discussion and Analysis (See "Forward-Looking Statements" therein), Annual Information Form (See "Risk Factors" and "Forward-Looking Statements" therein) and other reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or Tourmaline's website (www.tourmalineoil.com).

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

Additional Reader Advisories

Boe Conversions

Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a 6:1 conversion basis may be misleading as an indication of value.

Production Tests

Any references in this release to IP rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue to produce and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Such rates are based on field estimates and may be based on limited data available at this time.

Non-GAAP Financial Measures

This press release includes references to a financial measure commonly used in the oil and gas industry, "cash flow" which does not have a standardized meaning prescribed by International Financial Reporting Standards ("GAAP"). Management believes that in addition to net income and cash flow from operating activities cash flow is a useful supplemental measure in assessing Tourmaline's ability to generate the cash necessary to repay debt or fund future growth through capital investment. Readers are cautioned, however, that this measure should not be construed as an alternative to net income or cash flow from operating activities determined in accordance with GAAP as an indication of Tourmaline's performance. Tourmaline's method of calculating cash flow may differ from other companies and accordingly, it may not be comparable to measures used by other companies. For these purposes, Tourmaline defines "cash flow" as cash flow from operating activities before changes in non-cash operating working capital.

Certain Definitions

bbls barrels
boe barrel of oil equivalent
boepd barrel of oil equivalent per day
bopd barrel of oil, condensate or liquids per day
gjsd gigajoules per day
mmboe millions of barrels of oil equivalent
mbbls thousand barrels
mmcf million cubic feet
mcf thousand cubic feet
mmcfpd million cubic feet per day
mmcfpde million cubic feet per day equivalent
mcf thousand cubic feet equivalent
mmbtu million British thermal units
mstboe thousand stock tank barrels of oil equivalent

About Tourmaline Oil Corp.

Tourmaline is a Canadian intermediate crude oil and natural gas exploration and production company focused on long-term growth through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin.

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