

CALGARY, Nov. 30, 2016 /CNW/ - [Tourmaline Oil Corp.](#) (TSX:TOU) ("Tourmaline" or the "Company") is pleased to announce that it has closed the previously announced acquisition from Shell Canada Energy ("Shell Canada"). The Company has acquired strategic assets located in the Alberta Deep Basin (the "Deep Basin Assets") and the North East British Columbia Gundy area (the "Montney Assets") for total consideration of \$1.369 billion, including cash consideration of \$1.0 billion and 10,017,938 Tourmaline common shares (the "Acquisition"). The Acquisition is a major step in the Company's ongoing plan to not only become Canada's, but also one of North America's, largest, lowest-cost and most-profitable natural gas and liquids producers.

The cash portion of the Acquisition purchase price was funded through equity financings for gross proceeds of \$756.1 million, which closed on November 10, 2016, and Tourmaline's existing credit facilities. With the closing of the Acquisition, the subscription receipts comprising the equity financings have each been automatically exchanged for one Tourmaline common share.

## THE ACQUISITION AND STRATEGIC RATIONALE

Pursuant to the Acquisition, Tourmaline has acquired current production of approximately 24,850 boepd (at October 20, 2016), estimated current 2P reserves of 473.5 mmmboe<sup>(1)</sup> and a combined evaluated future drilling inventory of 2,147 locations<sup>(2)</sup> between the Deep Basin Assets and Montney Assets. The total purchase price of \$1.369 billion compares favorably to a current 2P NPV10 of \$2.3 billion<sup>(3)</sup>.

The Deep Basin Assets consist of 382 gross sections (154 of which are joint working interest with Tourmaline) and current low-decline production of approximately 18,650 boepd. Tourmaline also acquired Shell Canada's infrastructure consisting of three 100%-operated gas plants (estimated processing capacity of 200-225 mmcfpd) and 719 km of pipelines, providing Tourmaline with total operated processing capacity of over 1.0 bcf/day in the Alberta Deep Basin. The Company plans to add approximately 100 mmcfpd of new production in 2017 from the Deep Basin Assets through the drilling of 31 horizontal wells and fill the acquired infrastructure capacity. Tourmaline expects to commence drilling on the acquired Shell Deep Basin assets in December 2016.

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(1) All reserves information in this press release is gross reserves. Gross reserves are the total working interest reserves before the deduction of any royalties and including any royalty interests receivable. Reserve estimates are based on, in the case of the Montney Assets, a report (the "GLJ Montney Report") prepared by GLJ Petroleum Consultants Ltd. ("GLJ") effective June 30, 2016 and in the case of the Deep Basin Assets, a Tourmaline internal evaluation (the "Internal Deep Basin Evaluation"). The Internal Deep Basin Evaluation was prepared by a qualified reserves evaluator in accordance with National Instrument 51-101 ("NI 51-101") and the COGE Handbook effective October 1, 2016.

(2) See "Estimated Drilling Inventory".

(3) Before tax net present value based on a 10 percent discount rate and GLJ's July 1, 2016 forecast prices as it relates to the Montney Assets and October 1, 2016 GLJ forecast prices as it relates to the Deep Basin Assets. Estimated values of future net revenues do not necessarily represent the fair market value of the reserves.

The Montney Assets in BC consist of a large, contiguous 100% working interest 101 section land block in an area with 300 metres of Montney gross pay, four separate lobes to develop, and liquid content ranging from 10-80 bbls/mmmcf. Acquired production is approximately 6,200 boepd (at October 20, 2016) from 25 existing horizontal wells that have delineated the land block. Estimated 2P reserves are 371 mmmboe with an average liquid yield of approximately 30 bbl/mmmcf (GLJ Montney Report) with only 375 locations included in the GLJ Montney Report out of an internally estimated 1,647 locations. Tourmaline plans to drill 13 horizontals on the Montney Assets in 2017 and 54 horizontals in 2018 in conjunction with Company infrastructure construction. The natural gas is sweet and the strong liquid content will provide a significant uplift to Tourmaline's overall condensate production levels. Tourmaline currently drills the lowest-cost completed gas wells in the entire Montney play; transferring this technology to these Montney Assets is expected to yield top-decile play economics/gas supply costs.

The acquired Montney Assets now provide Tourmaline with sufficient size and scope in the Northern Montney play area to drive strategic Company-operated infrastructure development. The Montney Assets also make existing Company lands at Blueberry-Inga-Attachie (approximately 768 potential drilling locations) substantially more strategic through this planned infrastructure development. The lands at Blueberry-Inga-Attachie were previously considered to be non-core as there was not a contiguous operated land base in these areas to justify facility construction and a development program. With the close proximity of the Montney Assets to these lands, the Company plans to build facilities on the 100% Tourmaline operated Gundy land block and direct natural gas and NGL production from the Blueberry-Inga-Attachie lands through these facilities. Tourmaline plans to commence drilling on the Gundy Creek property in the first quarter of 2017.

Including the effect of the Acquisition and associated development, the Company is expecting average 2017 production of approximately 250,000-260,000 boepd, and average 2018 production levels of 310,000-320,000 boepd.

## FINANCIAL SUMMARY OF THE ACQUIRED ASSETS

The following is the Company's estimate of certain future operating and financial performance metrics for the combined Deep Basin Assets and Montney Assets:

	2017E	2018E
Average Production (boepd)	35,000	60,000
% Natural Gas	85%	85%
E & P Capital (\$millions)	231	381
Wells Drilled (net)	44	81
Operating Netbacks (\$/boe) <sup>(1)(2)</sup>		
Montney Assets	\$16.45	\$17.39
Deep Basin Assets	\$14.40	\$15.08

(1) See non-GAAP financial measures. Operating netbacks are calculated on a per-boe basis and are defined as revenue (excluding processing income) less royalties, transportation costs and operating expenses.

(2) Assumes NYMEX U.S.\$3.25/mcf and WTI U.S. \$60.00/bbl.

#### OPERATIONAL SUMMARY OF THE ACQUIRED ASSETS

	Summary
Future Drilling Locations	2,147
Land Montney Assets (Sections)	101 Gross and Net
Land Deep Basin Assets (Sections)	382 Gross and 227 Net
Natural Gas Processing Capacity (mmcfpd)	200-225
Additional Pipeline Infrastructure	719 km

#### Reader Advisories

#### CURRENCY

All amounts in this news release are stated in Canadian dollars unless otherwise specified.

#### 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", "guidance", "target", "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 potential benefits of and opportunities associated with the Deep Basin Assets and the Montney Assets, anticipated petroleum and natural gas production for various periods, drilling inventory or locations, cash flow levels, capital spending, cost reduction initiatives, projected operating and drilling costs, projected operating netbacks, 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 currency 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 state of the economy and the exploration and production business; the availability and cost of financing, labour and services; and ability to market crude oil, natural gas and NGL 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, revenues, 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 including the Acquisition; 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.

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](http://www.sedar.com)) or Tourmaline's website ([www.tourmalineoil.com](http://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.

## 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.

## RESERVES DATA

This news release contains references to estimates of gross 2P reserves attributed to the Deep Basin Assets and the Montney Assets. Gross reserves are the total working interest reserves before the deduction of any royalties and including any royalty interests receivable. The reserve estimates are based on, in the case of the Montney Assets, the GLJ Montney Report and in the case of the Deep Basin Assets, the Internal Deep Basin Evaluation. Such reserve estimates are subject to the same limitations discussed above under "Forward-Looking Information".

"2P reserves" means proved plus probable reserves. "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. "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.

This news release contains estimates of the net present value of the future net revenue from the reserves to be acquired pursuant to the Acquisition. The estimated values of future net revenue disclosed in this press release do not represent fair market value. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

Estimates of reserves for individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.

This news release contains certain oil and gas metrics which do not have standardized meanings or standard methods of

calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate the Company's performance however, such measures are not reliable indicators of the Company's future performance and future performance may not compare to the Company's performance in previous periods and therefore such metrics should not be unduly relied upon.

## FINANCIAL OUTLOOK

Also included in this news release are estimates of Tourmaline's cash flow, operating netbacks and pro-forma operating netbacks, capital expenditures, and other assumptions disclosed in this news release and including Tourmaline's estimated 2017 average production of 250,000 to 260,000 boepd and 2018 estimated average production of 310,000 to 320,000 boepd and commodity price assumptions for natural gas (AECO - \$3.06/mcf for 2017 and 2018), and crude oil (WTI (US) - \$60.00/bbl for 2017 and 2018) and an exchange rate assumption of \$0.80 (US/CAD) for 2017 and 2018. To the extent that such estimate constitutes a financial outlook, they were approved by management of Tourmaline on the date hereof and are included to provide readers with an understanding of Tourmaline's anticipated cash flow, operating netbacks and anticipated future business operations, including the anticipated effect of the Acquisition on the Company's business operations based on the capital expenditure, production and other assumptions described herein and readers are cautioned that the information may not be appropriate for other purposes. Tourmaline disclaims any intention or obligation to update or revise any future-oriented financial information or financial outlook information contained in this news release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

## NON-GAAP FINANCIAL MEASURES

This press release includes references to financial measures commonly used in the oil and gas industry, "cash flow", and "operating netbacks", which do not have a standardized meaning prescribed by International Financial Reporting Standards ("GAAP"). Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. "Cash flow" is defined as cash flow from operations adjusted for non-cash working capital. "Operating netbacks" are calculated on a per-boe basis and are defined as revenue (excluding processing income) less royalties, transportation costs and operating expenses. Management uses the terms "cash flow" and "operating netbacks" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's efficiency. Readers are cautioned that the non-GAAP measures should not be construed as an alternative to net income determined in accordance with GAAP as an indication of the Company's performance.

## ESTIMATED DRILLING INVENTORY

This press release discloses drilling locations in four categories: (i) proved undeveloped locations; (ii) probable undeveloped locations; (iii) unbooked locations; and (iv) an aggregate total of (i), (ii) and (iii). Of the 2,147 undrilled locations disclosed in this presentation, 110 are proved undeveloped locations, 358 are probable undeveloped locations, and 1,679 are unbooked. Proved undeveloped locations and probable undeveloped locations are booked and derived from the GLJ Montney Report and the Internal Deep Basin Evaluation and account for drilling locations that have associated proved and/or probable reserves, as applicable.

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

## CERTAIN DEFINITIONS:

bbl	barrel
bbls/day	barrels per day
bbl/mmcf	barrels per million cubic feet
bcf	billion cubic feet
bpd or bbl/d	barrels per day
boe	barrel of oil equivalent
boepd or boe/d	barrel of oil equivalent per day
bopd or bbl/d	barrel of oil, condensate or liquids per day
FCP	final circulating pressure
gj	gigajoule
gjs/d	gigajoules per day
mbbls	thousand barrels
mboe	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcfpd or mcf/d	thousand cubic feet per day
mcfce	thousand cubic feet equivalent
mmboe	million barrels of oil equivalent
mmbtu	million British thermal units
mmbtu/d	million British thermal units per day
mmcf	million cubic feet
mmcfpd or mmcf/d	million cubic feet per day
MPa	megapascal
mstboe	thousand stock tank barrels of oil equivalent
NGL	natural gas liquids

#### ABOUT TOURMALINE OIL CORP.

Tourmaline is a Canadian senior 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.

SOURCE [Tourmaline Oil Corp.](#)

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