

Tourmaline Delivers Strong Free Cash Flow In The Third Quarter, Updates Five Year Ep Plan With Significantly Increased Free Cash Flow

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CALGARY, Nov. 1, 2023 - [Tourmaline Oil Corp.](#) (TSX: TOU) ("Tourmaline" or the "Company") is pleased to release financial operating results for the third quarter of 2023.

HIGHLIGHTS

- Third quarter cash flow⁽¹⁾⁽²⁾ of \$878.5 million (\$2.55 per diluted share⁽³⁾).
- Generated Q3 free cash flow⁽⁴⁾ ("FCF") of \$332.3 million (\$0.96 per diluted share) enabling the Company to declare a dividend of \$1.00 per common share paid on November 1, 2023 to holders of record on October 24, 2023. Tourmaline distributed total dividends of \$6.52 per share (inclusive of this November 1, 2023 special dividend) since December 2022, representing an implied 9% trailing yield⁽⁵⁾.
- Full-year 2023 free cash flow forecast of \$1.9 billion⁽⁶⁾ (2022 free cash flow - \$3.2 billion).
- September 30, 2023 net debt⁽⁷⁾ of \$879.8 million or 0.3 times Q3 2023 annualized cash flow of \$3.5 billion.
- Tourmaline Q3 2023 net earnings of \$274.7 million (\$0.80 per diluted share).
- In October 2023, the Company entered into an agreement to acquire all of the shares of [Bonavista Energy Corp.](#) ("Bonavista") for \$1.45 billion, consisting of \$725 million in Tourmaline common shares and \$725 million of cash, less Bonavista's net debt⁽⁸⁾ at closing. The closing of the transaction is expected to occur in the second half of November 2023, subject to customary regulatory and stock exchange approvals.

PRODUCTION UPDATE

- Q3 2023 average production of 502,524 boepd was at the higher end of the guidance range of 495,000-505,000 boepd. Production was reduced by planned turnarounds (16,000 boepd for the quarter) and planned storage injections in Dawn, Ontario (3,440 boepd).
- 2023 average production guidance of 520,000 boepd is maintained, the Company expects exit 2023 production of 600,000 boepd, including the acquired Bonavista volumes.
- Inclusive of the Bonavista assets at a maintenance only, conservative capital budget, Tourmaline anticipates 2024 annual production to range between 600,000-610,000 boepd (formal guidance based on 600,000 boepd). Tourmaline will grow production from the Bonavista assets in 2025 into an anticipated higher gas price environment.
- 2024 average liquids production (oil, condensate, and NGLs) of over 140,000 bbls/d is forecasted as the Company grows into one of the largest Canadian liquids producers.
- Tourmaline is Canada's largest natural gas producer with forecast production of over 2.7 bcf/day in 2024.

FINANCIAL RESULTS

- Third quarter 2023 cash flow was \$878.5 million (\$2.55 per diluted share) on total capital expenditures⁽⁹⁾ of \$565.5 million (including spending⁽¹⁰⁾ of \$533.4 million in Q3), generating free cash flow of \$332.3 million for the quarter (\$0.96 per diluted share).
- Tourmaline generated Q3 2023 net earnings of \$274.7 million (\$0.80 per diluted share), and first nine-month 2023 net earnings of \$1,035.7 million (\$3.01 per diluted share).
- Exit Q3 2023 net debt was \$879.8 million, well below the Company's long-term net debt target of \$1.2-\$1.4 billion. The net debt target will provide for a long-term net debt to cash flow ratio of approximately 0.25 to 0.35 times in 2024 and the Company's five-year plan. The Company currently has \$3.1 billion of total credit capacity.
- At September 30, 2023, Tourmaline is in a surplus position when including the value of its 45.1 million shares of Topaz Energy Corp (valued at \$967.6 million using the closing price of \$21.43 per Topaz common shares on September 29, 2023).
- The continued strong free cash flow generated during the third quarter of 2023, as well as the forecast free cash flow for 2023 have allowed the Company to pay the previously announced special dividend of \$1.00/share paid on November 1, 2023, as well as increase the base dividend from \$1.04 to \$1.12/share on an annualized basis, effective as of the November 1, 2023 quarterly base dividend payment.

MARKETING UPDATE

- Average realized natural gas price was C\$4.56/mcf in Q3 2023 significantly higher than the AECO 5A benchmark C\$2.64 mcf over the period.
- Tourmaline has an average of 755 mmcfpd hedged at a weighted average fixed price of C\$5.07/mcf, an average mmcfpd hedged at a basis to NYMEX of US\$0.39/mcf and an average of 809 mmcfpd of unhedged volumes exported to premium export markets in the fourth quarter of 2023. Of this 809 mmcfpd, 68% is exposed to premium markets such as the West Coast, Western US, JKM and Sumas.
- Tourmaline has an average of 722 mmcfpd hedged at a weighted average price of C\$5.35/mcf, an average of 111 mmcfpd hedged at a basis to NYMEX of US\$-0.05/mcf and an average of 833 mmcfpd of unhedged volumes exposed to premium export markets in 2024. Of this 833 mmcfpd, 65% is exposed to the aforementioned premium export markets.
- Tourmaline's exposure to Western US markets will increase in November 2023 with the addition of approximately 100 mmcfpd of transportation capacity. With this addition and others, Tourmaline's natural gas exports will reach 1.08 bcfd by November 2023.
- The Company has further diversified its natural gas marketing portfolio by entering into a long-term Henry Hub netback arrangement to move approximately 60 mmcfpd to the US Gulf Coast, which is expected to commence in November 2023.
- Tourmaline has joined the NeeStaNan venture as an industry supporter. NeeStaNan is an Indigenous led project to create a multi-product utility corridor, including natural gas, connecting Alberta, Saskatchewan and Manitoba to the Hudson's Bay. The project involves a port for containers, potash and other prairie products and envisions an electrical generation facility on Hudson's Bay.

CAPITAL BUDGET AND FINANCIAL OUTLOOK

- Q3 2023 EP capital spending of \$533.4 million, forecast full year 2023 EP capital spending is now anticipated to be approximately \$1.825 billion, up from the prior \$1.675 billion. The increase includes the incorporation of anticipated related capital expenditures post-closing in Q4, incremental inflation of 5.0% over forecast levels as the Company provides services during Q2 and Q3 for the 2H 2023 - 1H 2024 EP season, and the acceleration of fracking of two pads into Q1 2024 due to faster realized drilling times.
- Tourmaline's Board of Directors has approved a full year 2024 EP capital budget of \$2.15 billion, reflecting a 14-15% increase over 2023 and including \$225 million associated with the Bonavista assets.
- The 2024 EP program is expected to deliver cash flow at strip pricing of \$4.5 billion and FCF of \$2.2 billion. As in previous years, the Company is strongly committed to returning the majority of free cash flow to shareholders and plans to practice of quarterly special dividends in 2024.
- The updated five-year plan incorporates modest growth from the Bonavista assets commencing in 2025 as well as the North Montney Phase 2 Conroy development by one year. The deferral allows the Company to spread out capital spending, evaluate potential Phase 2 facility electrification options and results in a significant increase in FCF from 2026-2028. The current five-year plan does not currently include any capital for the Phase 2 project.
- Between 2022 and 2028, Tourmaline anticipates organically growing the NEBC Montney Gas Condensate completion by over 125,000 boepd, with further growth to be realized with the North Montney Phase 2 Conroy project.

EP UPDATE

- Tourmaline continues to operate 13 drilling rigs and 3-4 frac spread across the 3 EP complexes. The Company anticipates adding 1-2 drilling rigs in 2024 to accommodate drilling on the Bonavista assets.
- The Company has drilled 178.2 net wells and completed 163.89 wells through the first nine months of 2023 and has an inventory of 48 net DUCs entering Q4 2023.
- Tourmaline anticipates bringing 76.15 net wells onstream during the fourth quarter driving strong Q4 average production to meet the 2023 exit level.
- The Company delivered a new pacesetter well in the North Montney of NEBC, drilled in Q3, in 4.91 days from spud to first release for the 4164m b-E9-G/94-H-4 well.
- As of September 30, 2023, Tourmaline has made 19 new pool/new zone discoveries and drilled one uneconomic well since the inception of the Company's exploration program. The program has yielded 1.26 TCFe of booked 2F reserves. The independent GLJ December 31, 2022 year-end reserve report, which does not include results from the success of the exploration program. The exploration program has added an estimated 957 Tier 1 and Tier 2 drilling locations to date to an existing drilling inventory of over 22,000 locations. Due to the success of this program, Tourmaline plans to allocate up to 10% of free cash flow to exploration activities in 2024.

NORTH DEEP BASIN ACQUISITION AND GROWTH PROJECT

- Tourmaline is planning a new North Deep Basin facility project that will optimize production at the existing compressor stations, Musreau-Kakwa plants and accelerate gas processing access to 215 Lower Cretaceous horizontal locations. This compression and pipeline project is expected to add 15,000 boepd during 2025-26, into an anticipated stronger natural gas pricing environment.

- The Company also completed the acquisition of assets from White Horse Resources Ltd. ("White Horse") during the third quarter of 2023 for \$19.1 million. The acquisition included production of 595 boepd, existing 2P reserves of 4.287 bbl and over 75 drilling locations. The acquisition expands lands and inventory adjacent to a Cardium oil discovery by the Company in the Resthaven-Kakwa area in Q1 2023 (02/13-11-60-3W6M). The initial discovery has an IP90 of 27 boepd, 0.6 mmcfpd gas, and estimated EUR of 250 mstb oil, 2.0 bcf gas. Between the White Horse acquisition and the prospective Tourmaline lands around the discovery, the Company estimates a total drilling inventory of over 150 potential Cardium oil locations.

BOARD UPDATE

- Tourmaline is pleased to announce that Christopher Lee has been appointed to the board of directors. Mr. Lee recently retired from the board of directors of Deloitte Canada and serves on the boards of Mount Royal University and All Saints Cross.
- (1) This news release contains certain specified financial measures consisting of non-GAAP financial measures, non-GAAP financial ratios, capital management measures and supplementary financial measures. See "Non-GAAP and Other Financial Measures" in this news release for information regarding the following specified financial measures: "cash flow", "capital expenditures", "free cash flow", "operating netback", "operating netback per boe", "cash flow per diluted share", "free cash flow per diluted share", "adjusted working capital" and "net debt". Since these specified financial measures do not have standardized meanings under International Financial Reporting Standards ("GAAP"), securities regulations require that, among other things, they be identified, defined, qualified and, where required, reconciled with their nearest GAAP measure and compared to the prior period. See "Non-GAAP and Other Financial Measures" in this news release and in the Company's most recently filed Management's Discussion and Analysis (the "Q3 MD&A"), which information is incorporated by reference into this news release, for further information on the composition of and, where required, reconciliation of these measures.
 - (2) "Cash flow" is a non-GAAP financial measure defined as cash flow from operating activities adjusted for the change in non-cash working capital (deficit) and current income taxes. See "Non-GAAP and Other Financial Measures" in this news release.
 - (3) "Cash flow per diluted share" is a non-GAAP financial ratio. Cash flow, a non-GAAP financial measure, is used as a component of the non-GAAP financial ratio. See "Non-GAAP and Other Financial Measures" in this news release and in the Q3 MD&A.
 - (4) "Free cash flow" is a non-GAAP financial measure defined as cash flow less capital expenditures, excluding acquisitions and dispositions. Free cash flow is prior to dividend payments. See "Non-GAAP and Other Financial Measures" in this news release.
 - (5) Calculated as the dividend per common share for the stated period divided by the closing stock price of \$69.46 on October 13, 2023.
 - (6) Based on oil and gas commodity strip pricing at October 13, 2023.
 - (7) "Net debt" is a capital management measure. See "Non-GAAP and Other Financial Measures" in this news release and in the Q3 MD&A.
 - (8) For the purposes of the Bonavista acquisition only, net debt is defined as all indebtedness (including bank debt) plus working capital (excludes commodity hedging) and includes all transaction and related costs.
 - (9) "Capital Expenditures" is a non-GAAP financial measure defined as Cash flow used in investing activities adjusted for the change in non-cash working capital (deficit). See "Non-GAAP and Other Financial Measures" in this news release.
- CORPORATE SUMMARY - THIRD QUARTER 2023
- (10) "EP spending" is defined as Capital Expenditures, excluding acquisitions, dispositions, and other corporate expenditures.
 - (11) Internally estimated by qualified reserve evaluators in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook with an effective date of July 1, 2023.

	Three Months Ended			Nine Months Ended		
	September 30,		Change	September 30,		Change
	2023	2022		2023	2022	
OPERATIONS						
Production						
Natural gas (mcf/d)	2,318,316	2,240,641	3 %	2,364,246	2,314,655	2 %
Crude oil, condensate and NGL (bbl/d)	116,138	108,457	7 %	113,993	111,430	2 %
Oil equivalent (boe/d)	502,524	481,897	4 %	508,034	497,206	2 %
Product prices ⁽¹⁾						
Natural gas (\$/mcf)	\$ 4.56	\$ 5.37	(15) %	\$ 5.04	\$ 5.52	(9) %
Crude oil, condensate and NGL (\$/bbl)	\$ 57.68	\$ 63.77	(10) %	\$ 57.78	\$ 68.35	(16) %
Operating expenses (\$/boe)	\$ 4.60	\$ 4.36	6 %	\$ 4.62	\$ 4.27	8 %
Transportation costs (\$/boe)	\$ 5.12	\$ 4.66	10 %	\$ 5.22	\$ 4.86	7 %
Operating netback (\$/boe) ⁽²⁾	\$ 21.61	\$ 23.68	(9) %	\$ 23.04	\$ 25.82	(11) %
Cash general and administrative expenses (\$/boe) ⁽³⁾	\$ 0.73	\$ 0.55	33 %	\$ 0.71	\$ 0.57	25 %
FINANCIAL						
(\$000, except share and per share)						
Commodity sales from production	1,311,167	1,677,370	(22) %	3,985,213	6,178,322	(36) %
Total revenue from commodity sales and realized gains	1,587,929	1,743,856	(9) %	5,048,114	5,566,374	(9) %
Royalties	139,601	293,820	(52) %	487,953	822,765	(41) %
Cash flow	878,532	1,051,400	(16) %	2,789,675	3,481,302	(20) %
Cash flow per share (diluted)	\$ 2.55	\$ 3.06	(17) %	\$ 8.11	\$ 10.18	(20) %
Net earnings	274,687	2,097,929	(87) %	1,035,678	4,517,415	(77) %
Net earnings per share (diluted)	\$ 0.80	\$ 6.11	(87) %	\$ 3.01	\$ 13.21	(77) %
Capital expenditures (net of dispositions) ⁽²⁾	565,448	415,447	36 %	1,437,262	1,373,365	5 %
Weighted average shares outstanding (diluted)	344,510,350	343,461,348	- %	343,892,727	341,926,025	1 %
Net debt				(879,799)	(564,633)	56 %

(1) Product prices include realized gains and losses on risk management activities and financial instrument contracts.

(2) See "Non-GAAP and Other Financial Measures" in this news release and in the Q3 MD&A.

(3) Excluding interest and financing charges.

Conference Call Tomorrow at 9:00 a.m. MT (11:00 a.m. ET)

Tourmaline will host a conference call tomorrow, November 2, 2023 starting at 9:00 a.m. MT (11:00 a.m. ET).

To participate without operator assistance, you may register and enter your phone number at <https://emportal.ink/3Fkv3Rc> to receive an instant automated call back.

To participate using an operator, please dial 1-888-664-6383 (toll-free in North America), or 1-416-764-8650 (international dial-in), a few minutes prior to the conference call.

Conference ID is 36835289.

REPLAY DETAILS

If you are unable to dial into the live conference call on November 3rd, a replay will be available by dialing 1-888-390-0541 (international 1-416-764-8677), referencing Encore Replay Code 835289. The recording will expire on November 16, 2023.

Reader Advisories

CURRENCY

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

Forward-Looking Information

This news release contains forward-looking information and statements (collectively, "forward-looking information") within the meaning of applicable securities laws. The use of any of the words "forecast", "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "on track", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information. More particularly and without limitation, this news 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 the following: the anticipated benefits and production growth to be derived from the Bonavista and Whitehorse acquisitions; anticipated petroleum and natural gas production and production growth for various periods including 2023 and 2024 average production estimates; full-year 2023 free cash flow estimates; anticipated level of natural gas exports in 2023; 2023 and 2024 EP capital spending levels; the benefits to be derived from the EP program and anticipated cash flow associated therewith; the benefits to be derived from the updated five-year plan and the projected increase in FCF in 2026-2028; the anticipated organic growth up to 2028 in the NEBC Montney Gas Condensate complex and further from the North Montney Phase 2 Conroy project; the plans to proceed with a new North Deep Basin facility project and the benefits and production growth to be derived from such project; target net debt to cash flow ratios in 2024 and throughout the Company's five-year plan; the future declaration and payment of base and special dividends and the timing and amount thereof including any future increase and the intention to continue to pay special dividends in 2024; the expansion of Tourmaline's LNG business and core areas; the timing of future growth and developments projects; cost reduction initiatives; projected operating and drilling costs and drilling times; anticipated future commodity prices; the ability to generate, and the amount of, anticipated free cash flow over various periods; as well as Tourmaline's future drilling locations, 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 the following: prevailing and future commodity prices and currency exchange and interest rates; applicable royalty rates and tax laws; future well production rates and reserve volumes; operating costs, the timing of receipt of regulatory approvals; the performance of existing and future 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 and the benefits to be derived therefrom; the state of the economy and the exploration and production business; the availability and cost of financing, labour and services; ability to maintain its investment grade credit rating; and ability to market crude oil, natural gas and NGL successfully. Without limitation of the foregoing, future dividend payments, if any, and the level thereof is uncertain, as the Company's dividend policy and the funds available for the payment of dividends from time to time is dependent upon, among other things, free cash flow, financial requirements for the Company's operations and the execution of its growth strategy, fluctuations in working capital and the timing and amount of capital expenditures, debt service requirements and other factors beyond the Company's control. Further, the ability of Tourmaline to pay dividends is subject to applicable laws (including the satisfaction of the solvency test contained in applicable corporate

legislation) and contractual restrictions contained in the instruments governing its indebtedness, including its credit facility.

Statements relating to "reserves" are also deemed to be forward looking information, 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 it 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 natural 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; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; climate change risks; severe weather (including forest fires); inflation; supply chain risks; the impact of wars or other hostilities (including the current war in Ukraine and the Israel-Hamas war) and pandemics (including COVID-19); 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.sedarplus.ca) or Tourmaline's website (www.tourmalineoil.com).

The forward-looking information contained in this news 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.

RESERVES DATA

The reserves data set forth above relating to the reserves associated with the White Horse acquisition is based upon an internal estimate prepared by a Qualified Reserves Evaluator ("QRE") in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook. The information in this news release pertaining to this estimate is based solely on internal estimates made by the QRE and such estimates have not been reflected in any independent reserve or resource evaluations prepared pursuant to NI 51-101.

The reserves data set forth above relating to the reserves associated with the Company's exploration program is based on the reports of GLJ Ltd. ("GLJ") and Deloitte LLP, each dated effective December 31, 2022, which have been consolidated into one report by GLJ and adjusted to apply certain of GLJ's assumptions and methodologies and pricing and cost assumptions.

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil, NGL and natural gas

reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

BOE EQUIVALENCY

In this news release, production and reserves information may be presented on a "barrel of oil equivalent" or "BOE" basis. 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. In addition, 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 conversion on a 6:1 basis may be misleading as an indication of value.

FINANCIAL OUTLOOKS

Also included in this news release are estimates of Tourmaline's 2023 free cash flow and Tourmaline's 2024 cash flow and free cash flow, which are based on, among other things, the various assumptions as to production levels, capital expenditures and other assumptions disclosed in this news release and including Tourmaline's estimated average 2023 and 2024 production of 520,000 boepd and 600,000 boepd, respectively, commodity price assumptions for natural gas (\$2.82/mcf 2023 NYMEX US, 2024 - \$3.62/mcf 2024 NYMEX US; \$2.77/mcf 2023 AECO 5A, \$3.12/mcf 2024 AECO 5A; \$14.94/mcf 2023 JKM US, \$17.83/mcf 2024 JKM US), crude oil (\$79.63/bbl 2023 WTI US, \$80.11/bbl 2024 WTI US) and an exchange rate assumption of \$0.74 and \$0.73 (US/CAD) for 2023 and 2024, respectively. To the extent such estimates constitute financial outlooks, they were approved by management and the Board of Directors of Tourmaline on November 1, 2023, and are included to provide readers with an understanding of Tourmaline's anticipated cash flow and free cash flow 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.

NON-GAAP AND OTHER FINANCIAL MEASURES

This news release contains the terms "cash flow", "capital expenditures", "EP spending", "free cash flow", and "operating netback", which are considered "non-GAAP financial measures" and the terms "cash flow per diluted share", "free cash flow per diluted share", and "operating netback per boe", which are considered "non-GAAP financial ratios". These terms do not have a standardized meaning prescribed by GAAP. In addition, this news release contains the terms "adjusted working capital" and "net debt", which are considered "capital management measures" and do not have standardized meanings prescribed by GAAP. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that these measures should not be construed as an alternative to or more meaningful than the most directly comparable GAAP measures in evaluating the Company's performance. See "Non-GAAP and Other Financial Measures" in the most recent Management's Discussion and Analysis for more information on the definition and description of these terms.

Non-GAAP Financial Measures

Cash Flow

Management uses the term "cash flow" for its own performance measure and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund its future growth expenditures, to repay debt or to pay dividends. The most directly comparable GAAP measure for cash flow is cash flow from operating activities. A summary of the reconciliation of cash flow from operating activities to cash flow, is set forth below:

(000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash flow from operating activities (per GAAP)	\$ 882,814	\$ 1,112,202	\$ 3,393,273	\$ 3,577,332
Current income taxes	(102,669)	(4,335)	(355,629)	(4,335)
Current income taxes paid	5,261	-	34,497	-
Change in non-cash working capital	93,126	(56,467)	(282,466)	(91,695)
Cash flow	\$ 878,532	\$ 1,051,400	\$ 2,789,675	\$ 3,481,302

Capital Expenditures

Management uses the term "capital expenditures" as a measure of capital investment in exploration and production activity, as well as property acquisitions and divestitures, and such spending is compared to the Company's annual budgeted capital expenditures. The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities. A summary of the reconciliation of cash flow used in investing activities to capital expenditures, is set forth below:

(000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash flow used in investing activities (per GAAP)	\$ 319,106	\$ 303,048	\$ 1,406,341	\$ 1,422,658
Corporate acquisition	-	(67,770)	-	(67,770)
Change in non-cash working capital	246,342	180,169	30,921	18,477
Capital expenditures	\$ 565,448	\$ 415,447	\$ 1,437,262	\$ 1,373,365

Free Cash Flow

Management uses the term "free cash flow" for its own performance measure and to provide shareholders and potential investors with a measurement of the Company's efficiency and its ability to generate the cash necessary to fund its future growth expenditures, to repay debt and provide shareholder returns. Free cash flow is defined as cash flow less capital expenditures, excluding acquisitions and dispositions. Free cash flow is prior to dividend payment. The most directly comparable GAAP measure for cash flow is cash flow from operating activities. See "Non-GAAP Financial Measures - Cash Flow" and " Non-GAAP Financial Measures - Capital Expenditures" above.

(000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash flow	\$ 878,532	\$ 1,051,400	\$ 2,789,675	\$ 3,481,302
Capital expenditures	(565,448)	(415,447)	(1,437,262)	(1,373,365)
Property acquisitions	19,242	41	58,536	261,717
Proceeds from divestitures -		(67,659)	(7,789)	(71,380)
Free Cash Flow	\$ 332,326	\$ 568,335	\$ 1,403,160	\$ 2,298,274

Operating Netback

Management uses the term "operating netback" as a key performance indicator and one that is commonly presented by other oil and natural gas producers. Operating netback is defined as the sum of commodity

sales from production, premium (loss) on risk management activities and realized gains (loss) on financial instruments less the sum of royalties, transportation costs and operating expenses. A summary of the reconciliation of operating netback from commodity sales from production, which is a GAAP measure, is set forth below:

(000s)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Commodity sales from production	\$ 1,311,167	\$ 1,677,370	\$ 3,985,213	\$ 6,178,322
Premium on risk management activities	119,103	334,751	620,027	107,868
Realized gain (loss) on financial instruments	157,659	(268,265)	442,874	(719,816)
Royalties	(139,601)	(293,820)	(487,953)	(822,765)
Transportation costs	(236,892)	(206,648)	(723,579)	(659,934)
Operating expenses	(212,616)	(193,331)	(640,711)	(579,267)
Operating netback	\$ 998,820	\$ 1,050,057	\$ 3,195,871	\$ 3,504,408

Non-GAAP Financial Ratios

Operating Netback per-boe

Management calculates "operating netback per-boe" as operating netback divided by total production for the period. Netback per-boe is a key performance indicator and measure of operational efficiency and one that is commonly presented by other oil and natural gas producers. A summary of the calculation of operating netback per boe, is set forth below:

(\$/boe)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, excluding processing income	\$ 34.35	\$ 39.33	\$ 36.40	\$ 41.01
Royalties	(3.02)	(6.63)	(3.52)	(6.06)
Transportation costs	(5.12)	(4.66)	(5.22)	(4.86)
Operating expenses	(4.60)	(4.36)	(4.62)	(4.27)
Operating netback	\$ 21.61	\$ 23.68	\$ 23.04	\$ 25.82

Capital Management Measures

Adjusted Working Capital

Management uses the term "adjusted working capital" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's liquidity. A summary of the reconciliation of working capital (deficit) to adjusted working capital (deficit), is set forth below:

(000s)	As at September 30, 2023	As at December 31, 2022
Working capital (deficit)	\$ (161,167)	\$ 809,449
Fair value of financial instruments - short-term asset	(305,901)	(709,286)
Lease liabilities - short-term	5,251	3,109
Decommissioning obligations - short-term	30,000	30,000
Unrealized foreign exchange in working capital - liability (asset)	585	(8,605)
Adjusted working capital (deficit)	\$ (431,232)	\$ 124,667

Net Debt

Management uses the term "net debt", as a key measure for evaluating its capital structure and to provide shareholders and potential investors with a measurement of the Company's total indebtedness. A summary of the reconciliation of bank debt and senior unsecured notes to net debt, is set forth below:

(000s)	As at September 30, 2023	As at December 31, 2022
Bank debt	\$ -	\$ (170,767)
Senior unsecured notes	(448,567)	(448,342)
Adjusted working capital (deficit)	(431,232)	124,667
Net debt	\$ (879,799)	\$ (494,442)

Supplementary Financial Measures

The following measures are supplementary financial measures: cash flow per diluted share, free cash flow per diluted share, operating expenses (\$/boe), cash general and administrative expenses (\$/boe) and transportation costs (\$/boe). These measures are calculated by dividing the numerator by a diluted share count or by total production for the period, depending on the financial measure discussed.

ESTIMATES OF DRILLING LOCATIONS

Unbooked drilling locations are the internal estimates of Tourmaline based on Tourmaline's 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 Tourmaline's management as an estimation of Tourmaline's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Tourmaline will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and natural gas reserves, resources or production. The drilling locations on which Tourmaline 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 a certain number of the unbooked drilling locations have been de-risked by Tourmaline 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 of Tourmaline 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.

OIL AND GAS METRICS

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.

SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to Q3 2023 average daily production, forecast 2023 average daily production and forecast 2024 average daily production. The following table is intended to provide supplemental information about the product type composition for each of the production figures that are provided in this news release:

	Light and Medium Crude Oil ⁽¹⁾	Conventional Natural Gas	Shale Natural Gas	Natural Gas Liquids ⁽¹⁾	Oil Equi- valent Total
	Company Gross (bbls)	Company Gross (mcf)	Company Gross (mcf)	Company Gross (bbls)	Company Gross (boe)
Q3 2023 Average Daily Production	44,355	1,206,316	1,112,000	71,783	502,5
2023 Forecast Average Daily Production	44,800	1,290,000	1,121,000	73,400	520,0
2024 Forecast Average Daily Production	51,000	1,565,000	1,180,000	91,500	600,0

(1) For the purposes of this disclosure, condensate has been combined with Light and Medium Crude Oil as the associated revenues and certain costs of condensate are similar to Light and Medium Crude Oil. Accordingly, NGLs in this disclosure exclude condensate.

INITIAL PRODUCTION RATES

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production 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.

General

See also "Forward-Looking Statements" and "Non-GAAP and Other Financial Measures" in the most recently filed Management's Discussion and Analysis.

Certain Definitions:

1H	first half
2H	second half
bbl	barrel
bbls/day	barrels per day
bbl/mmcft	barrels per million cubic feet
bcf	billion cubic feet
bcfe	billion cubic feet equivalent
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

CNG	compressed natural gas
DUC	drilled but uncompleted wells
EP	exploration and production
gj	gigajoule
gjs/d	gigajoules per day
JKM	Japan Korea Marker
mbbls	thousand barrels
mmbbls	million barrels
mboe	thousand barrels of oil equivalent
mboepd	thousand barrels of oil equivalent per day
mcf	thousand cubic feet
mcfpd or mcf/d	thousand cubic feet per day
mcfe	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
mstb	thousand stock tank barrels
natural gas	conventional natural gas and shale gas
NCIB	normal course issuer bid
NGL or NGLs	natural gas liquids
TCF	trillion cubic feet
TCFe	trillion cubic feet equivalent

MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

To view Tourmaline's Management's Discussion and Analysis and Interim Condensed Consolidated Financial Statements for the periods ended September 30, 2023 and 2022, please refer to SEDAR+ (www.sedarplus.ca) or Tourmaline's website at www.tourmalineoil.com.

About Tourmaline Oil Corp.

Tourmaline is Canada's largest and most active natural gas producer dedicated to producing the lowest-emission and lowest-cost natural gas in North America. We are an investment grade exploration and production company providing strong and predictable operating and financial performance through the development of our three core areas in the Western Canadian Sedimentary Basin. With our existing large reserve base, decades-long drilling inventory, relentless focus on execution and cost management, and industry-leading environmental performance, we are excited to provide shareholders an excellent return on capital, and an attractive source of income through our base dividend and surplus free cash flow distribution strategies.

SOURCE [Tourmaline Oil Corp.](#)

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