

Tourmaline Provides Ep Activity Update And Announces Two Additional Lng Agreements

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CALGARY, Jan. 15, 2024 - [Tourmaline Oil Corp.](#) (TSX: TOU) ("Tourmaline" or the "Company") is pleased to provide an EP activity update and to announce two additional LNG agreements.

EP ACTIVITY UPDATE

Tourmaline exited 2023 with average daily production in excess of 600,000 boepd including over 150,000 bbls/d of average liquids production and has continued at these production levels in January. The Company is operating all 16 drilling rigs as planned in the Q1 2024 EP program and the planned 2024 capital program has minimal associated facility expenditures. Similar to 2023, Tourmaline plans to maximize free cash flow⁽¹⁾ in 2024. The Company will closely monitor exploration and production expenditures⁽²⁾ and the natural gas pricing environment throughout the year and adjust the EP program accordingly. Tourmaline has 724 mmcfpd of natural gas hedged at an average price of C\$5.28/mcf in 2024. The Company has an average 959 mmcfpd of unhedged volumes exposed to the export markets in 2024, of which 61% is exposed to premium priced markets such as US Gulf Coast, Western US, JKM, TTF and Sumas. The Company continues to believe in the strong North American natural gas outlook for the 2025-2030 time frame and will match planned growth with improving pricing.

ADDITIONAL LNG AGREEMENTS

Tourmaline is pleased to announce that it has increased its exposure to JKM by entering into a netback agreement with Trafigura Pte Limited based on 62,500 mmbtu/d of Liquefied Natural Gas (~0.5 mtpa) for a seven-year term starting January 2027, with the potential for extension to December 2039.

Tourmaline has also expanded its international exposure to include a physical netback agreement with Trafigura Canada Limited which will receive Dutch TTF index pricing. Starting in March 2024, Tourmaline will deliver 50,000 mmbtu/d of natural gas at AB-NIT and receive a Dutch TTF index price (less associated deductions) until December 2026.

FINANCIAL UPDATE

Tourmaline plans to pay four quarterly special dividends in 2024 in addition to the quarterly base dividend of \$0.28/share, while also maintaining the net debt⁽³⁾ to cash flow⁽⁴⁾ target of between 0.25 and 0.35 times by year-end 2024. The Company has determined to commence a process to sell the Duvernay assets which were acquired pursuant to the acquisition of [Bonavista Energy Corp.](#) completed by the Company in November 2023.

- (1) "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 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 this measure.
- (2) "Exploration and production expenditures" is defined as Capital Expenditures, excluding acquisitions, dispositions, and other corporate expenditures. "Capital Expenditures" is a non-GAAP financial measure. See "Non-GAAP and Other Financial Measures" in 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 this measure.
- (3) Net debt is a capital management measure. See "Non-GAAP and Other Financial Measures" in 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 this measure.
- (4) "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 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 this measure.

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, business opportunities and shareholder return plan, including the following: the number of drilling rigs expected to be operated for the Q1 2024 EP program; the expectation that the 2024 capital program will have minimal facility expenditures; plans to maximize free cash flow in 2024 and closely monitor exploration and production expenditures and the natural gas pricing environment throughout the year and adjust the EP program accordingly; plans to pay quarterly special dividends in 2024 and maintain current quarterly base dividend levels; plans to maintain the net debt to cash flow target of between 0.25 and 0.35 times by year-end 2024; plans to commence a process to sell Duvernay assets; and the belief in a strong North American natural gas outlook for the 2025-2030 time frame and plans to match planned growth with improving pricing. 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 rates; the degree to which Tourmaline's operations and production may be disrupted or by circumstances attributable to supply chain disruptions; applicable royalty rates and tax laws; interest rates; inflation; 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 benefits to be derived from acquisitions; 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 natural gas liquids 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 will be 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.

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 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; uncertainties associated with counterparty credit risk; failure to obtain required regulatory and other approvals; risks relating to Indigenous land claims and duty to consult; climate change risks; severe weather (including wildfires); inflation; supply chain risks; the impact of wars or other hostilities (including the war in Ukraine and the Israel-Hamas war) and pandemics (including COVID-19); data breaches and cyber attacks; risks relating to the use of artificial intelligence; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations (including greenhouse gas emission reduction requirements and other decarbonization or social policies). 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.

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 year-end 2024 net debt to cash flow target levels, 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 2024 production of 600,000 boepd, commodity price assumptions for natural gas (\$3.62/mcf 2024 NYMEX US; \$3.12/mcf 2024 AECO 5A; \$17.83/mcf 2024 JKM US), crude oil (\$80.11/bbl 2024 WTI US) and an exchange rate assumption of \$0.73 (US/CAD) for 2024. To the extent such estimates constitute financial outlooks, they were approved by management and the Board of Directors of Tourmaline on January 15, 2024, and are included to provide readers with an understanding of Tourmaline's anticipated net debt to cash flow target levels 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.

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 exit 2023 average daily production. The following table is intended to provide supplemental information about the product type composition for the production figure that is provided in this news release:

	Light and Medium Crude Oil ⁽¹⁾	Conventional Natural Gas	Shale Natural Gas	Natural Gas Liquids ⁽¹⁾	Oil Equivalent Total
	Company Gross (bbls)	Company Gross (mcf)	Company Gross (mcf)	Company Gross (bbls)	Company Gross (boe)
Exit 2023 Average Daily Production.....	52,500	1,495,000	1,205,000	97,500	600,000

(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.

CERTAIN DEFINITIONS:

1H	first half
2H	second half
AB-NIT	NOVA Inventory Transfer
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
DUC	drilled but uncompleted wells
Dutch TTF	Dutch Title Transfer Facility, a natural gas pricing location within the Netherlands
EP	exploration and production
gj	gigajoule

gjs/d	gigajoules per day
JKM	Japan Korea Marker
LNG	liquefied natural gas
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

contact thousand cubic feet equivalent
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mmcf million cubic feet

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MPA million tonnes per annum
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mtpa million tonnes per year

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TOURMALINE OIL CORP. Issuer bid

NGL or NGLs natural gas liquids
 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.

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