

Tourmaline Delivers Strong Free Cash Flow In Q2 2025, Updates Ep Plan, Announces New Long-term Lng Feed Gas Supply Agreement And Declares Special Dividend

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[Tourmaline Oil Corp.](#) (TSX: TOU) ("Tourmaline" or the "Company") is pleased to release financial and operating results for the second quarter of 2025 and an updated multi-year EP growth plan (the "EP Plan"), announce a new long-term LNG feed gas supply agreement and declare a special dividend.

HIGHLIGHTS

- Second quarter average production was 620,757 boepd, at the mid-point of the guidance range provided on May 7, 2025 and up 10% from the second quarter of 2024.
- Second quarter cash flow⁽¹⁾⁽²⁾ ("CF") of \$822.8 million (\$2.16 per diluted share⁽³⁾) on total cash capital expenditures⁽⁴⁾ of \$505.2 million (EP expenditures⁽⁵⁾ of \$489.8 million), generating free cash flow⁽⁶⁾ ("FCF") of \$316.9 million for the quarter (\$0.83 per diluted share).
- The Company has entered into a long-term LNG feed gas supply agreement with Uniper to supply 80,000 mmbtu per day of natural gas in the US Gulf Coast for an 8-year term beginning November 2028, with international price exposure to Dutch Title Transfer Facility ("TTF").
- Tourmaline has released an updated EP Plan⁽⁷⁾ that outlines growth from current production levels of approximately 650,000 boepd to 850,000 boepd early next decade. This build out is fully funded by cash flow and results in \$2.5 to \$3.0 billion of annual FCF at flat pricing⁽⁸⁾ on a maintenance budget by the end of the EP Plan.
- Given the continued strong FCF generation in Q2 2025, the Company has elected to declare and pay a special dividend of \$0.35/share on August 20, 2025 to shareholders of record on August 8, 2025.

FINANCIAL RESULTS

- Second quarter 2025 CF was \$822.8 million (\$2.16 per diluted share) and FCF was \$316.9 million (\$0.83 per diluted share).
- Second quarter 2025 earnings were \$514.6 million (\$1.35 per diluted share).
- Second quarter EP expenditures were \$489.8 million. The full year 2025 EP capital budget remains unchanged at \$2.60 to \$2.85 billion. The Company anticipates commodity prices to improve over current strip in 2H 2025 with the start-up of the LNG Canada facility on the West Coast, resulting in higher FCF in 2H 2025 relative to 1H 2025.
- Tourmaline continues to maintain a very strong balance sheet. Net debt⁽⁹⁾ at June 30, 2025 was \$1.9 billion, approximately 0.5 times net debt to 2025 forecast cash flow.

PRODUCTION UPDATE

- Second quarter average production was 620,757 boepd, at the mid-point of the guidance range and up 10% from the second quarter of 2024.
- Strong second quarter 2025 production was achieved despite reductions related to wildfires in the PRH complex, low commodity price related shut-ins in NEBC, and several frac activity deferrals into the second half of 2025.
- Full year 2025 average production of 635,000 to 650,000 boepd is now expected given the EP activity deferrals from Q2 and Q3 2025 to the fourth quarter. 2025 exit average production of 680,000 to 690,000 boepd and a preliminary 2026 average production range of 690,000 to 710,000 boepd is currently anticipated. Tourmaline is incorporating the low end of the 2026 average production range, 690,000 boepd, into the EP Plan to provide an early conservative estimate subject to 2026 project timing. Tourmaline will formally guide 2026 capital and production along with the release of its third quarter 2025 financial results.

2025 CAPITAL PROGRAM

- Q2 EP capital spending was \$70 million less than forecast primarily due to activity deferrals.
- The Company will continue to monitor local natural gas prices and defer capital from Q3 into Q4 2025 or Q1 2026, as required, in order to optimize 2H 2025 FCF.

MARKETING UPDATE

- Tourmaline's average realized natural gas price in the second quarter of 2025 was CAD \$3.34/mcf, 94% (CAD \$1.62/mcf) above the AECO 5A benchmark price of CAD \$1.72/mcf over the same time period, as the Company continues to benefit from its diversified marketing portfolio and strategic hedging program.
- Tourmaline has an average of 1.1 bcfpd hedged for the remainder of 2025 at a weighted average fixed price of CAD \$4.48/mcf. This includes 68 mmcfpd hedged at a weighted average price of CAD \$19.75/mcf in international markets and 144 mmcfpd at a weighted average price of CAD \$6.43/mcf in Western US markets.

LONG-TERM LNG FEED GAS SUPPLY AGREEMENT WITH UNIPER

- Tourmaline is pleased to announce it has entered into a long-term LNG feed gas supply agreement with Uniper. Uniper is a German-based European energy company with global reach and operations in more than 40 countries and is a flexible power producer and leading gas trader focused on secure, affordable, and sustainable energy.
- Tourmaline will supply 80,000 mmbtu per day of natural gas in the US Gulf Coast for an 8-year term beginning November 2028.
- The LNG feed gas supply agreement provides international price exposure to TTF for Tourmaline.
- Tourmaline has secured long-term firm transportation to the US Gulf Coast with TC Energy Corporation, which will allow Tourmaline's natural gas from the Company's Alberta Deep Basin and/or BC Montney complexes to access European natural gas markets. The firm transportation begins November 2025, giving Tourmaline the flexibility to sell locally in the Gulf or enter into a short-term LNG feed gas supply deal prior to the start of the Uniper agreement.

NEBC MONTNEY INFRASTRUCTURE AND DEVELOPMENT PROJECT UPDATE

- Tourmaline is pleased to provide more details regarding its multi-year NEBC Montney development project, one of the largest EP projects in the Western Canadian Sedimentary Basin. The Company has been systematically consolidating and delineating the NEBC Montney gas/condensate complex for over five years and is now entering the next phase wherein the significant financial benefits of those activities are expected to be fully realized.
- Tourmaline expects to add 1.1 bcf/d of new gas production and over 50,000 bpd of condensate and NGLs over the next six years.
- The two-phase NEBC Montney development project will systematically develop Tourmaline's most profitable inventory (lowest capital cost, lowest operating cost, most liquid rich, highest margin), resulting in Tourmaline's operating metrics improving as production from this new development project becomes a larger proportion of the corporate production base.
- The infrastructure build out consists of two new gas processing complexes with C3+ deep cut recoveries, expansion of four existing gas processing complexes, three new hydrocarbon liquids hubs (including the evaluation of an LPG terminal at Groundbirch), five water recycling facilities, electrification of four gas processing plants (two of which are existing plants), and several pipeline corridors connecting Tourmaline's large resource base to its existing and new gas processing complexes.
- The NEBC Montney development project has a strong focus on liquids growth and margin improvement. Tourmaline is already the largest liquids producer in NEBC and will continue to grow these volumes.
- The infrastructure build-out commenced in 2024 with one of the liquids storage hubs, one of the connector pipeline projects, a water facility, the compression expansion at Birch and one of the electrification projects, all expected to be completed by the end of 2025 on approximately \$350 million of aggregate capital spending.
- The first significant production addition is expected to occur in Q4 2026 with the Aitken C-38-C plant expansion that delivers NGLs to the existing AltaGas North Pine complex in NEBC, and the next production addition is Phase 1 of the Groundbirch 15-25 deep cut gas plant planned for 2H 2027. Both projects have all necessary permits and long-lead procurement is underway.
- Tourmaline expects production growth of 30% to 850,000 boepd by 2031, cash flow growth of over 40% and free cash flow improvement of over 2.5 times at flat pricing (\$2.5 to \$3.0 billion FCF per annum) once the overall project is completed and the EP program trends towards maintenance capital levels.

MULTI-YEAR EP GROWTH PLAN UPDATE AND OUTLOOK

- Tourmaline has released an updated multi-year EP Plan that outlines growth from current average production levels of 650,000 boepd to 850,000 boepd early next decade. The majority of the growth is provided by the NEBC Montney Phase 1 and 2 development project.
- The EP Plan utilizes current strip pricing (as at June 30, 2025) for 2025 and 2026 and a flat price deck for the remaining years (US\$65.00/bbl WTI, US\$4.00/mmbtu NYMEX and an AECO basis differential of US\$1.00/mcf), allowing for a clearer picture of the long-term EP Plan investment benefits and improving margins. By 2031, corporate operating and transportation costs are anticipated to fall by approximately \$1/boe and liquids realizations are anticipated to improve by approximately \$1/bbl through larger proportional production of higher value products.
- Once the NEBC infrastructure build-out is completed early next decade, the production growth rate is expected to drop, and the Company intends to migrate towards a maintenance capital level of approximately \$2.5 billion per annum. Associated free cash flow is expected to grow to \$2.5 to \$3.0 billion per annum at this flat price deck, underscoring the significant overall improvements accomplished by the NEBC Montney development project.
- Tourmaline will continue to prioritize FCF on an annual basis as the new EP Plan is executed and will adjust the pace of capital spending accordingly.

EP UPDATE

- 2025 well results in both the NEBC Montney and the Alberta Deep Basin continue to outperform prior years, with above forecast deliverability from multiple assets in both of these gas complexes.
- Tourmaline plans to drill a total of 365 wells in 2025, with the full drilling rig fleet operating since the beginning of third quarter, after a period of lower activity during spring break-up.
- With lower local gas prices thus far in Q3 2025, the Company has already deferred some BC frac activities into Q4 2025 and has released one of the Deep Basin drilling rigs for the balance of the year.
- Multiple new pool successes in several formations (Notikewin, Glauconite, Belly River, amongst others) in the South Deep Basin via the 2H 2024/2025 EP program are evolving into the potential for a significant new growth project for the Company. Several delineation wells are planned over the next 12 months to further refine this multi-objective development that is currently not included in the EP Plan.

DIVIDEND

- Tourmaline's Board of Directors has declared a special dividend of \$0.35 per share, payable on August 20, 2025, to shareholders of record on August 8, 2025.
- The Company intends to declare the quarterly base dividend of \$0.50 per share in early September 2025, which will be payable on September 29, 2025 to shareholders of record at the close of business on September 15, 2025. The special dividend is, and the quarterly base dividend will be, designated as an eligible dividend for Canadian income tax purposes.

- (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", "EP 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 "Q2 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 taxes. See "Non-GAAP and Other Financial Measures" in this news release and in the Q2 MD&A.
- (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 Q2 MD&A.
- (4) "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 and in the Q2 MD&A.
- (5) "EP expenditures" is defined as capital expenditures, excluding acquisitions, dispositions, and other corporate expenditures. See "Non-GAAP and Other Financial Measures" in this news release and in the Q2 MD&A.
- (6) "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.
- (7) The EP Plan is available on Tourmaline's website (www.tourmalineoil.com).
- (8) The EP Plan utilizes current strip pricing (as at June 30, 2025) for 2025 and 2026 and a flat price deck for the remaining years (US\$65.00/bbl WTI, US\$4.00/mmbtu NYMEX and an AECO basis differential of US\$0.00/bbl WTI, US\$0.00/mmbtu NYMEX and US\$0.00/bbl WTI, US\$0.00/mmbtu NYMEX). See "Non-GAAP and Other Financial Measures" in this news release and in the Q2 MD&A.
- (9) "Net debt" is a capital management measure. See "Non-GAAP and Other Financial Measures" in this news release and in the Q2 2025 MD&A.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2025	2024	Change	2025	2024	Change
OPERATIONS						
Production						
Natural gas (mcf/d)	2,877,712	2,537,283	13 %	2,909,964	2,609,823	12 %
Crude oil, condensate and NGL (bbl/d)	141,138	138,906	2 %	144,271	141,962	2 %
Oil equivalent (boe/d)	620,757	561,787	10 %	629,265	576,933	9 %
Product prices⁽¹⁾						
Natural gas (\$/mcf)	\$ 3.34	\$ 3.03	10 %	\$ 3.82	\$ 3.41	12 %
Crude oil, condensate and NGL (\$/bbl)	\$ 49.25	\$ 56.36	(13) %	\$ 53.06	\$ 54.91	(3) %
Operating expenses (\$/boe)	\$ 5.12	\$ 4.82	6 %	\$ 5.14	\$ 4.81	7 %
Transportation costs (\$/boe)	\$ 5.01	\$ 4.96	1 %	\$ 5.27	\$ 5.10	3 %
Operating netback (\$/boe) ⁽²⁾	\$ 14.93	\$ 15.36	(3) %	\$ 17.05	\$ 16.38	4 %
Cash general and administrative expenses (\$/boe) ⁽³⁾	\$ 0.82	\$ 0.79	4 %	\$ 0.82	\$ 0.77	6 %
FINANCIAL						
(\$000, except share and per share)						
Commodity sales from production	1,134,466	1,104,940	3 %	2,592,033	2,579,319	- %
Total revenue from commodity sales and realized gains	1,506,049	1,412,692	7 %	3,397,642	3,038,861	12 %
Royalties	90,328	127,466	(29) %	269,487	277,937	(3) %
Cash flow	822,831	755,117	9 %	1,785,877	1,626,261	10 %
Cash flow per share (diluted)	\$ 2.16	\$ 2.12	2 %	\$ 4.72	\$ 4.58	3 %
Net earnings	514,591	256,597	101 %	727,269	501,471	45 %
Net earnings per share (diluted)	\$ 1.35	\$ 0.72	88 %	\$ 1.92	\$ 1.41	36 %
Capital expenditures (net of dispositions) ⁽²⁾	505,239	294,105	72 %	1,330,257	850,350	56 %
Weighted average shares outstanding (diluted)				378,683,661	355,164,206	7 %
Net debt				(1,867,053)	(1,558,287)	20 %

(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 Q2 2025 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, July 31, 2025 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/4nzEGk4> to receive an instant automated call back.

To participate using an operator, please dial 1-888-510-2154 (toll-free in North America), or 1-416-900-0527 (international dial-in), a few minutes prior to the conference call.

REPLAY DETAILS

If you are unable to dial into the live conference call on July 31, a replay will be available by dialing 1-888-660-6345 (international 1-289-819-1450), referencing Replay Code 69266. The recording will expire on August 13, 2025.

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: anticipated petroleum and natural gas production and production growth for various periods including estimated average production levels for full-year 2025 and 2026 and exit 2025; average production levels for early next decade; expected timing for the release of formal 2026 capital and production guidance; anticipated commodity price improvement over current strip in 2H 2025 with the start-up of the LNG Canada facility on the West Coast, resulting in expected higher FCF in 2H 2025 relative to 1H 2025; the expectation that it will have flexibility to sell locally in the Gulf or enter into a short-term LNG supply deal prior to the start of the Uniper agreement; capital spending for full year 2025; details regarding the Company's EP growth plan including that it is fully funded by cash flow and the annual FCF associated with the growth plan at a maintenance budget and the expected decrease in operating and transportation costs by 2031 and increased FCF; the components of the NEBC Montney infrastructure and development project, including the gas and liquids production and cash flow growth associated with such project and the resulting financial benefits; the anticipated timing and capital associated with the NEBC Montney infrastructure and development project and the components thereof; the number of wells that the Company plans to drill in 2025; long-term net debt targets; EP expenditures; the timing for the completion of various facilities; the future declaration and payment of base and special dividends and the timing and amount thereof including any future increase; the expansion of Tourmaline's market diversification portfolio; the timing and scale of future growth and developments projects, including the North Montney development project; projected operating and drilling costs and drilling times; anticipated future commodity prices; the ability to generate, and the amount of, anticipated free cash flow at the end of the EP Plan; 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 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; supply chain disruptions; 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; changes in rates of inflation; 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; hazards such as fire, explosion, blowouts, cratering, and spills, any of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; ability to access sufficient capital from internal and external sources; uncertainties associated with counterparty credit risk; failure to obtain required regulatory and other approvals including drilling permits and the impact of not receiving such approvals on the Company's long-term planning; climate change risks; severe weather (including wildfires, floods and drought); risks of wars or other hostilities or geopolitical events, civil insurrection and pandemics; risks relating to Indigenous land claims and duty to consult; data breaches and cyber attacks; risks relating to the use of artificial intelligence; 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 and including uncertainty with respect to the interpretation and impact of omnibus Bill C-59 and the related amendments to the Competition Act (Canada)); trade policy, barriers, disputes or wars (including new tariffs or changes to existing international trade arrangements); and general economic and business conditions and markets. 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 2025 net debt level and free cash flow at the end of the EP Plan, which are based on, among other things, the various assumptions as to production

levels, receipt of drilling permits, capital expenditures and other assumptions disclosed in this news release and, with respect to the EP Plan including Tourmaline's estimated average production of 790,000 boepd for 2029, 830,000 boepd for 2030 and 850,000 boepd for 2031, commodity price assumptions for natural gas (\$4.00/mmbtu US, \$4.08/mcf AECO, \$5.50 PG&E Citygate US, \$12.00/mcf JKM US), crude oil (\$65.00/bbl WTI US) and an exchange rate assumption (USD/CAD) of \$0.74. In addition, such estimates are provided for illustration only and are based on budgets and forecasts as of the date hereof that are subject to change and a variety of contingencies including prior years' results. To the extent such estimates constitute a financial outlook, they are included to provide readers with an understanding of Tourmaline's anticipated free cash flow and net debt levels based on the capital expenditure, production, pricing, exchange rate 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 expenditures", "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", "operating netback per boe", and "cash flow 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 (net of current taxes) 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:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(000s)	2025	2024	2025	2024
Cash flow from operating activities (per GAAP)	\$ 745,049	\$ 696,011	\$ 1,833,360	\$ 1,336,628
Current tax (expense) recovery	42,933	(13,549)	5,051	(45,207)
Cash taxes paid	18,932	38,368	18,932	487,543
Change in non-cash working capital	15,917	34,287	(71,466)	(152,703)
Cash flow	\$ 822,831	\$ 755,117	\$ 1,785,877	\$ 1,626,261
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 dispositions, 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		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2025	2024	2025	2024
Cash flow used in investing activities (per GAAP)	\$ 803,220	\$ 515,082	\$ 1,517,299	\$ 1,099,311
Change in non-cash working capital	(297,981)	(220,977)	(187,042)	(248,961)
Capital expenditures	\$ 505,239	\$ 294,105	\$ 1,330,257	\$ 850,350
EP Expenditures				

Management uses the term "EP expenditures" or exploration and production expenditures as a measure of capital investment in exploration and production activity which is defined as capital expenditures (a Non-GAAP Financial Measure), excluding property acquisitions and dispositions and other corporate expenditures. The most directly comparable GAAP measure for EP expenditures is cash flow used in investing activities. See "Non-GAAP Financial Measures - Capital Expenditures" above. A summary of the reconciliation of capital expenditures to EP expenditures, is set forth below:

(000s)	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2025	2024	2025	2024
Capital expenditures	\$ 505,239	\$ 294,105	\$ 1,330,257	\$ 850,350
Property acquisitions	-	(23,169)	(12,143)	(23,581)
Proceeds from divestitures	724	50,728	1,747	56,225
Other	(16,190)	(15,061)	(32,356)	(27,692)
EP Expenditures	\$ 489,773	\$ 306,603	\$ 1,287,505	\$ 855,302
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		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2025	2024	2025	2024
Cash flow	\$ 822,831	\$ 755,117	\$ 1,785,877	\$ 1,626,261
Capital expenditures	(505,239)	(294,105)	(1,330,257)	(850,350)
Property acquisitions	-	23,169	12,143	23,581
Proceeds from divestitures (724)	(50,728)	(1,747)	(56,225)	
Free Cash Flow	\$ 316,868	\$ 433,453	\$ 466,016	\$ 743,267
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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(000s)				
Commodity sales from production	\$ 1,134,466	\$ 1,104,940	\$ 2,592,033	\$ 2,579,319
Premium on risk management activities	262,646	179,627	600,255	246,972
Realized gain on financial instruments	108,937	128,125	205,354	212,570
Royalties	(90,328)	(127,466)	(269,487)	(277,937)
Transportation costs	(282,803)	(253,610)	(600,000)	(535,663)
Operating expenses	(289,467)	(246,243)	(585,128)	(505,476)
Operating netback	\$ 843,451	\$ 785,373	\$ 1,943,027	\$ 1,719,785

Non-GAAP Financial Ratios

Operating Netback per-boe

Management calculates "operating netback per-boe" as operating netback divided by total production for the period. Operating 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(\$/boe)				
Revenue, excluding processing income	\$ 26.66	\$ 27.63	\$ 29.83	\$ 28.94
Royalties	(1.60)	(2.49)	(2.37)	(2.65)
Transportation costs	(5.01)	(4.96)	(5.27)	(5.10)
Operating expenses	(5.12)	(4.82)	(5.14)	(4.81)
Operating netback	\$ 14.93	\$ 15.36	\$ 17.05	\$ 16.38

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 June 30, 2025	As at December 31, 2024
Working capital (deficit)	\$ (417,244)	\$ (167,623)
Fair value of financial instruments - short-term (asset)	(264,428)	(315,365)
Lease liabilities - short-term	7,239	8,385
Decommissioning obligations - short-term	75,000	60,000
Unrealized foreign exchange in working capital - liability (asset)	2,723	(15,354)
Adjusted working capital (deficit)	\$ (596,710)	\$ (429,957)
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 June 30, 2025	As at December 31, 2024
Bank debt	\$ (571,648)	\$ (574,339)
Senior unsecured notes	(698,695)	(698,436)
Adjusted working capital (deficit)	(596,710)	(429,957)
Net debt	\$ (1,867,053)	\$ (1,702,732)

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.

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 Q2 2025 average daily production and forecast 2025, 2026 and 2031 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 Ec Total
	Company Gross (bbls)	Company Gross (mcf)	Company Gross (mcf)	Company Gross (bbls)	Comp (boe)
Q2 2025 Average Daily Production	50,852	1,528,552	1,349,160	90,286	620,7
2025 Forecast Average Daily Production	53,400	1,560,000	1,399,560	95,840	642,5
2026 Forecast Average Daily Production	62,360	1,626,350	1,505,710	105,630	690,0
2031 Forecast Average Daily Production	77,785	1,667,875	2,231,135	122,380	850,0

(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.

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/mmcf	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
Dutch TTF	Dutch Title Transfer Facility, a natural gas pricing location within the Netherlands
EP	exploration and production
FERC	Federal Energy Regulatory Commission
gj	gigajoule
gjs/d	gigajoules per day
JKM	Japan Korea Marker

LPG	Liquefied Petroleum 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
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
NEBC	Northeast British Columbia
NGL or NGLs	natural gas liquids
PPH	Peace River High
PGE	Pacific Gas & Electric
Tcf	trillion cubic feet

MANAGEMENT'S DISCUSSION AND ANALYSIS AND CONSOLIDATED FINANCIAL STATEMENTS

To view Tourmaline's Management's Discussion and Analysis and Consolidated Financial Statements for the periods ended June 30, 2023 and 2024, 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-development-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, cost management, safety and environmental performance improvement, 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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Tourmaline Oil Corp., Michael Rose, Chairman, President and Chief Executive Officer, (403) 266-5992; OR Tourmaline Oil Corp., Brian Robinson, Chief Financial Officer, (403) 767-3587, brian.robinson@tourmalineoil.com; OR Tourmaline Oil Corp., Scott Kirker, Chief Legal Officer and External Affairs, (403) 767-3593, scott.kirker@tourmalineoil.com; OR Tourmaline Oil Corp., Jamie Heard, Vice

President, Capital Markets, (403) 767-5942, jamie.heard@tourmalineoil.com; OR Tourmaline Oil Corp., Suite 2900, 250 - 6th Avenue S.W., Calgary, Alberta T2P 3H7, Phone: (403) 266-5992, Facsimile: (403) 266-5952, E-mail: info@tourmalineoil.com, Website: www.tourmalineoil.com

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