



NEWS RELEASE

JULY 15, 2021

TOURMALINE ANNOUNCES CLOSING OF BLACK SWAN ENERGY ACQUISITION AND A NEW LONG-TERM GAS SUPPLY AGREEMENT WITH CHENIERE ENERGY

Calgary, Alberta - Tourmaline Oil Corp. (TSX:TOU) (“Tourmaline” or the “Company”) is pleased to announce the closing of two strategic North Montney transactions, a North Montney GORR transaction with Topaz Energy Corp. (“Topaz”) and a significant long-term gas supply agreement with Cheniere Energy, Inc. (“Cheniere”).

BLACK SWAN ENERGY CLOSING

- Tourmaline is pleased to announce the closing of its acquisition of Black Swan Energy Ltd. (“Black Swan”).
- Tourmaline will complete the ongoing Nig Creek plant expansion, bringing production from the Black Swan assets to 60,000 boepd early in Q2 2022.
- With the closing of the Black Swan acquisition, Tourmaline is currently producing 465,000–475,000 boepd.
- Tourmaline expects to reach the 500,000 boepd production milestone during Q2 of 2022 and, at approximately 105,000 bpd, has exceeded the 100,000-bpd liquid production milestone (oil, condensate, NGLs).

PARAMOUNT BIRCH

- Tourmaline has acquired Paramount Resources Ltd.’s (“Paramount”) lands and assets in the Birch area of the North Montney trend. The acquired assets include 2,400 boepd of current production from 15 Montney horizontals, 2P reserves of 40 mmb^{oe}(¹), and an estimated 105 future Tier 1 locations for total consideration of approximately \$88 million before customary closing adjustments.
- The Birch transaction completes the consolidation of key available assets along the future eastern leg of planned Tourmaline infrastructure and lies in immediate proximity to the Black Swan lands.
- These are Tier 1 Montney assets, with EUR, deliverability and economics similar to the Black Swan inventory (8 - 10 bcf, 400 - 500 mbbbl/well).

TOPAZ TRANSACTIONS

- Tourmaline closed the previously announced NEBC Montney GORR and infrastructure transaction with Topaz on July 1, 2021, receiving \$245 million of cash proceeds.

(1) Reserves have been internally estimated by qualified reserve engineers.

- Tourmaline has also entered into an agreement with Topaz on the Black Swan and Paramount Birch assets in NEBC, whereby Tourmaline will grant a GORR to Topaz (4% on gas for 2021-2023, reducing to 3% in 2024, 2.5% on condensate) in exchange for cash consideration of \$145 million. The closing is scheduled for August 3, 2021.
- Topaz, which was created in part to facilitate participation in the recognized developing generational M&A opportunities in 2H 2019, has provided Tourmaline with \$573 million of cash proceeds through GORR and select infrastructure drop down transactions in the 2020 / 2021 timeframe.
- Topaz has, in part, allowed Tourmaline to execute on its consolidation strategy while continuing to deleverage its balance sheet. Tourmaline's net debt⁽²⁾ at September 30, 2019, was \$1.9 billion; the estimated net debt at year-end 2021 is \$1.3 billion⁽³⁾. Comparing Q4 2021⁽⁴⁾ to Q3 2019, quarterly production will have grown by 64%, cash flow⁽⁵⁾ by greater than 200%, and free cash flow ("FCF")⁽⁶⁾ by greater than \$300 million. Debt to cash flow will drop from 2.1 times in mid-2019 to 0.5 times by exit 2021.

CONSOLIDATION / FUTURE M&A

- Tourmaline's two-year consolidation initiative in the Alberta Deep Basin and BC Montney complexes is now essentially complete.
- The Company may pursue smaller asset deals or land purchases of a non-material nature, likely in 2022. There are currently no further large transactions planned.
- Tourmaline's focus will now shift to achieving the envisaged synergies and enhanced FCF opportunities from the numerous assets acquired over the last 18 months. Continued reduction in cash costs⁽⁷⁾ and Tourmaline's lower drill/complete capital costs are the key vehicles for accelerating this FCF generation.
- Tourmaline has embarked upon a comprehensive internal margin improvement initiative to reduce all elements of the cash cost equation. Each \$1.00/boe of margin improvement will yield approximately \$180 million of annual FCF in 2022. Given the very low staff levels that the Company has always maintained (currently 250 head office employees), staff reductions are not part of this initiative.

(2) "Net debt" is defined as bank debt and senior unsecured notes plus working capital deficit (adjusted for the fair value of financial instruments, short-term lease liabilities, short-term decommissioning obligations and unrealized foreign exchange in working capital deficit). See "Non-GAAP Financial Measures" in this news release and in the Company's Q1 2021 Management's Discussion and Analysis.

(3) Based on net debt of \$1.4 billion as forecast in the Five-Year Plan Guidance released on June 11, 2021 and pro forma the August 3, 2021 proceeds of \$145 million from Topaz and the \$45 million paid to Paramount in connection with the purchase of Birch area assets.

(4) Based on Five-Year Plan Guidance released on June 11, 2021.

(5) "Cash flow" is defined as cash provided by operations before changes in non-cash operating working capital. See "Non-GAAP Financial Measures" in this news release and in the Company's Q1 2021 Management's Discussion and Analysis.

(6) "Free cash flow" or "FCF" is defined as cash flow less total net capital expenditures. Total net capital expenditures is defined as total capital spending before acquisitions and non-core dispositions. Free cash flow is prior to dividend payments. See "Non-GAAP Financial Measures" in this news release and the Company's Q1 2021 Management's Discussion and Analysis.

(7) Cash costs are defined as operating, transportation, general and administrative and financing costs.

FREE CASH FLOW LOOK-BACK / KEY SCREENING CRITERIA

- Tourmaline's key screening criteria for M&A activities has been that the acquired assets or companies must generate FCF within 12 months of acquisition and a FCF yield comparable to or better than that delivered by the ongoing five-year EP organic growth plan.
- The 2020 M&A strategy involved four corporate acquisitions for total consideration (including assumption of net debt, cash proceeds and issuance of common shares) of \$795 million before accounting for Topaz cash proceeds. These four transactions are expected to generate approximately \$170 million of FCF in 2021 and approximately \$290 million in 2022 at strip pricing⁽⁸⁾. A FCF yield of 21 - 36% vs the organic EP growth plan of 10 - 12% in 2021/2022.
- Including all 2020/2021 transactions, Tourmaline has acquired 1.2 million net acres, 1.4 billion boe net 2P reserves⁽⁹⁾, 4,500 gross drilling locations since Q4 2019. These assets are currently producing 157,000 boepd and are expected to generate over \$500 million of FCF in 2022.

LONG-TERM LNG EXPORT MARKETING ARRANGEMENT WITH CHENIERE ENERGY

- Tourmaline, Canada's largest natural gas producer, and Cheniere, the largest LNG company in the United States, have entered into a long-term marketing arrangement whereby Tourmaline will supply 140,000 mmbtu per day (approximately 140 mmcfpd) to the Corpus Christi liquefaction terminal for a 15-year term commencing in January 2023.
- The LNG Netback Supply Arrangement provides international price exposure to JKM ("Platts Japan-Korea Marker") for Tourmaline, for effectively one cargo per month. JKM is currently trading at approximately US\$12.98/mmbtu.
- Tourmaline has secured long-term firm transportation with TC Energy Corporation on existing pipeline systems for total tolls of US\$0.86/mmbtu, allowing Tourmaline's low-emission natural gas from the Company's Alberta Deep Basin or BC Montney complexes to access Asian LNG market pricing while further diversifying Tourmaline's sales points for natural gas.

NORMAL COURSE ISSUER BID

- Tourmaline is also pleased to announce that the Toronto Stock Exchange (the "TSX") has approved the renewal of Tourmaline's normal course issuer bid (the "NCIB").
- The NCIB allows Tourmaline to purchase up to 14,943,420 common shares (representing 5% of its 298,868,400 outstanding common shares as of July 9, 2021) over a period of twelve months commencing on July 20, 2021. The NCIB will expire no later than July 19, 2022. Under the NCIB, common shares may be repurchased in open market transactions on the TSX and other alternative trading platforms in Canada and in accordance with the rules of the TSX governing NCIB's. The total number of common shares Tourmaline is permitted to purchase is subject to a daily purchase limit of 349,086 common shares, representing 25% of

(8) Based on oil and gas commodity strip pricing at July 8, 2021.

(9) All but approximately 140 mmboe of the acquired net 2P reserves have been evaluated by GLJ Petroleum Consultants or Deloitte LLP, independent reserve evaluators, as at the respective transaction dates. The remaining 140 mmboe has been internally estimated by qualified reserve engineers.

the average daily trading volume of 1,396,344 common shares on the TSX calculated for the six-month period ended June 30, 2021, however, Tourmaline may make one block purchase per calendar week which exceeds the daily repurchase restrictions. Any common shares that are purchased under the NCIB will be cancelled upon their purchase by Tourmaline.

- Under its most recent normal course issuer bid, Tourmaline obtained approval to purchase up to 13,538,778 of its common shares, of which Tourmaline made no purchases.
- Tourmaline believes that at times, the prevailing share price does not reflect the underlying value of the common shares and the repurchase of its common shares for cancellation may represent an attractive opportunity to enhance Tourmaline's per share metrics and thereby increase the underlying value of its common shares to its shareholders. Tourmaline may use the NCIB as another tool to enhance total long-term shareholder returns and may be used in conjunction with management's disciplined free funds flow capital allocation strategy.

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 benefits of the Company's various acquisitions activities, including Black Swan and the four corporate acquisitions completed in 2020, including the anticipated FCF to be generated from the acquired assets; anticipated petroleum and natural gas production and production growth for various periods including estimated production levels for 2022; the timing for the completion of the transaction with Topaz; that Tourmaline's focus will shift to achieving the envisaged synergies and enhanced FCF opportunities from the numerous assets acquired over the last 18 months; the anticipated continued reduction in cash costs and lower drill/complete capital costs being the key vehicles for accelerating this FCF generation; the benefits and purpose of the NCIB; the benefits to be obtained from Tourmaline's consolidation initiatives; the statements contained under the heading "Free Cash Flow Look-Back/Key Screening Criteria"; as well as Tourmaline's future drilling prospects and plans, business strategy, future development and growth opportunities, prospects and asset base. The forward-looking information is based on certain key expectations and assumptions made by Tourmaline, including expectations and assumptions concerning the following: prevailing and future commodity prices and currency exchange rates; prevailing and future commodity prices and currency exchange rates; applicable royalty rates and tax laws; interest rates; future well production rates and reserve volumes; operating costs, the timing of receipt of regulatory approvals; the performance of existing wells; the success obtained in drilling new wells; anticipated timing and results of capital expenditures; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the successful completion of acquisitions (including the Black Swan acquisition) 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; 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, FCF, 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.

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; pandemics (including COVID-19); 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 (including the Black Swan and Birch acquisitions) or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

Readers are cautioned that the foregoing list of factors is not exhaustive.

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

The forward-looking information contained in this 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 in this new release is based upon internal estimates. 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 2021 and 2022 cash flow and FCF from Tourmaline's various mergers and acquisitions activities, which are based on, among other things, the various assumptions as to production levels, capital expenditures, annual cash flows and other assumptions disclosed in this news release. Commodity price assumptions for natural gas (NYMEX (US) - \$3.23/mcf and \$3.19/mcf for 2021 and 2022, respectively; AECO - \$3.47/mcf and \$3.10/mcf for 2021 and 2022, respectively), and crude oil (WTI (US) - \$66.53/bbl and \$64.66/bbl for 2021 and 2022, respectively) and an exchange rate assumption of \$0.80 (US/CAD) for 2021 and 2022. Further, in the case of years subsequent to 2021, readers are cautioned that such estimates are provided for illustration only and are based on budgets and forecasts that have not been finalized and are subject to a variety of additional factors and contingencies including prior years' results. To the extent such estimates constitute financial outlooks, they were approved by management and the Board of Directors of Tourmaline on July 15, 2021 and are included to provide readers with an understanding of Tourmaline's anticipated cash flow and FCF 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 FINANCIAL MEASURES

This news release includes references to "FCF", "cash flow", and "net debt" which are financial measures commonly used in the oil and gas industry and do not have a standardized meaning prescribed by International Financial Reporting Standards ("GAAP"). Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management uses the term "FCF", "cash flow", and "net debt" for its own performance measures 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 a portion of its future growth expenditures, to pay dividends or to repay debt. Investors are cautioned that these non-GAAP measures should not be construed as an alternative to net income or cash from operating activities determined in accordance with GAAP as an indication of the Company's performance. FCF is calculated as cash flow less total net capital expenditures and is prior to dividend payments. Net capital expenditures is defined as the sum of E&P capital program and other corporate expenditures, net of non-core dispositions. See "Non-GAAP Financial Measures" in the most recently filed Management's Discussion and Analysis for the definition and description of these terms.

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.

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.

SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to total current average daily production, early Q2 2022 average daily production from the acquired Black Swan assets, Tourmaline's total mid-2022 production levels and production from the acquired Paramount assets. 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 Equivalent Total |
|--|---|-------------------------------------|--------------------------------|--|---------------------------------|
| | Company Gross (Bbls) | Company Gross (Mcf) | Company Gross (Mcf) | Company Gross (Bbls) | Company Gross (Boe) |
| Total Current Average Daily Production..... | 38,220 | 1,182,600 | 1,007,400 | 66,780 | 470,000 |
| Early Q2 2022 Average Daily Production from Black Swan assets..... | 3,125 | - | 275,000 | 11,040 | 60,000 |
| Total Mid-2022 Average Daily Production..... | 40,500 | 1,261,650 | 1,048,350 | 74,500 | 500,000 |
| Average Daily Production from acquired Paramount assets | 280 | - | 11,100 | 270 | 2,400 |

(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 Financial Measures" in the most recently filed Management's Discussion and Analysis.

CERTAIN DEFINITIONS:

| | |
|---------------------------|--|
| <i>bbl</i> | barrel |
| <i>bbls/day</i> | barrels per day |
| <i>bbl/mmcft</i> | barrels per million cubic feet |
| <i>bcf</i> | billion cubic feet |
| <i>bcfe</i> | billion cubic feet equivalent |
| <i>bpd or bbl/d</i> | barrels per day |
| <i>boe</i> | barrel of oil equivalent |
| <i>boepd or boe/d</i> | barrel of oil equivalent per day |
| <i>bopd or bbl/d</i> | barrel of oil, condensate or liquids per day |
| <i>DUC</i> | drilled but uncompleted wells |
| <i>EUR</i> | estimated ultimate recovery |
| <i>gj</i> | gigajoule |
| <i>gjs/d</i> | gigajoules per day |
| <i>GORR</i> | gross overriding royalty |
| <i>mbbls</i> | thousand barrels |
| <i>mmbbls</i> | million barrels |
| <i>mboe</i> | thousand barrels of oil equivalent |
| <i>mboepd</i> | thousand barrels of oil equivalent per day |
| <i>mcf</i> | thousand cubic feet |
| <i>mcfpd or mcf/d</i> | thousand cubic feet per day |
| <i>mcfe</i> | thousand cubic feet equivalent |
| <i>mmboe</i> | million barrels of oil equivalent |
| <i>mmbtu</i> | million British thermal units |
| <i>mmbtupd or mmbtu/d</i> | million British thermal units per day |
| <i>mmcf</i> | million cubic feet |
| <i>mmcfpd or mmcf/d</i> | million cubic feet per day |
| <i>MPa</i> | megapascal |
| <i>mstb</i> | thousand stock tank barrels |
| <i>natural gas</i> | conventional natural gas and shale gas |
| <i>NGL or NGLs</i> | natural gas liquids |
| <i>tcf</i> | trillion cubic feet |

ABOUT TOURMALINE OIL CORP.

Tourmaline is an investment grade Canadian senior crude oil and natural gas exploration and production company focused on providing strong and predictable long-term growth and a steady return to shareholders through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin by building its extensive asset base in its three core exploration and production areas and exploiting and developing these areas to increase reserves, production and cash flows at an attractive return on invested capital.

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