



NEWS RELEASE

MAY 3, 2023

## TOURMALINE DELIVERS RECORD PRODUCTION, ANNOUNCES AN INCREASE TO QUARTERLY BASE DIVIDEND AND DECLARES A SPECIAL DIVIDEND

**Calgary, Alberta** - Tourmaline Oil Corp. (TSX:TOU) ("Tourmaline" or the "Company") is pleased to release financial and operating results for the first quarter of 2023, announce an increase to its quarterly base dividend and declare a special dividend.

### HIGHLIGHTS

- First quarter cash flow<sup>(1)(2)</sup> of \$1.13 billion (\$3.28 per diluted share<sup>(3)</sup>).
- Generated quarterly free cash flow<sup>(4)</sup> ("FCF") of \$525.4 million (\$1.53 per diluted share) enabling the Company to declare a special dividend of \$1.50 per common share to be paid on May 19, 2023 to holders of record on May 11, 2023. Tourmaline has distributed total dividends of \$8.70 per share (inclusive of this May 2023 special dividend) since June 2022, an implied 14% trailing yield<sup>(5)</sup>.
- Record first quarter 2023 average production of 525,916 boepd.
- Full-year 2023 free cash flow forecast of \$2.0 billion<sup>(6)</sup> coupled with quarterly special dividends for the balance of 2023 (2022 free cash flow - \$3.2 billion).
- Commenced delivery in January 2023 to the Gulf Coast, under the Cheniere LNG agreement, of 140 mmcfpd of natural gas receiving a JKM ("Japan Korea Marker") price. The 2023 JKM strip price for Q2 forward, as at April 14, 2023, was US\$14.87/mcf.
- March 31, 2023 net debt<sup>(7)</sup> of \$709.0 million or 0.2 times 2023 full-year forecast cash flow of \$3.9 billion, based on commodity strip pricing at April 14, 2023.

<sup>(1)</sup> 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 "Q1 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.

<sup>(2)</sup> "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.

<sup>(3)</sup> "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 Q1 MD&A.

<sup>(4)</sup> "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.

<sup>(5)</sup> Calculated as the dividend per common share for the stated period divided by the closing stock price of \$60.49 on April 14, 2023.

<sup>(6)</sup> Based on oil and gas commodity strip pricing at April 14, 2023.

<sup>(7)</sup> "Net debt" is a capital management measure. See "Non-GAAP and Other Financial Measures" in this news release and in the Q1 MD&A.

## PRODUCTION UPDATE

- First quarter 2023 production averaged 525,916 boepd, including liquids production of 114,291 bpd, which was impacted by the Pembina NGL pipeline system interruption. Commencing January 17, 2023, a force majeure event on the Pembina Pipeline Corporation Northern line reduced daily Tourmaline NGL production volumes by approximately 8,000 boepd. The pipeline became operational again on February 25, 2023, but continues to operate at a restricted rate. Current total oil and liquids production has recovered to the 118,000 to 123,000 bpd range over the past month.
- Q2 2023 average production ranging between 500,000 to 515,000 boepd is currently expected as the Company starts injecting natural gas into storage and accounts for Q2 planned maintenance, both of which will impact Q2 volumes. Tourmaline holds 1.0 bcf of storage capacity at the Dawn hub and has expanded its Wild Goose California natural gas storage capacity from 3.0 to 5.0 bcf. Tourmaline expects to inject 7,000 - 7,500 boepd into storage during Q2. In Q1 2023, the Company realized incremental revenue of US\$26.5 million, after deducting storage fees, by withdrawing gas from storage that was previously injected at lower prices, when compared to selling at AECO.
- April 2023 average production was approximately 531,000 boepd, prior to injections.
- Full year 2023 average production guidance ranging between 520,000 and 540,000 boepd remains unchanged.

## FINANCIAL RESULTS

- First quarter 2023 cash flow was \$1.13 billion (\$3.28 per diluted share) on total capital expenditures<sup>(8)</sup> of \$594.5 million (EP spending<sup>(9)</sup> of \$589.2 million in Q1), generating free cash flow of \$525.4 million for the quarter (\$1.53 per diluted share).
- Tourmaline realized Q1 2023 net earnings of \$250.3 million (\$0.73 per diluted share). Included in the Q1 2023 net earnings was an unrealized loss on financial instruments of \$1.03 billion related to the accounting for the embedded derivative in the Cheniere LNG natural gas supply agreement.
- Exit Q1 2023 net debt was \$709.0 million, well below the Company's long term net debt target of \$1.0-1.2 billion. Tourmaline is in a surplus position when including the value of its 45.1 million shares of Topaz Energy Corp. (valued at \$862.8 million using the closing price of the Topaz common shares on March 31, 2023 of \$19.11/share).
- In 2023, at strip pricing on April 14, 2023, the Company continues to expect to generate cash flow of \$3.9 billion (\$11.22 per diluted share) and free cash flow of \$2.0 billion (\$5.80 per diluted share) on EP spending of \$1.7 billion. Forecast 2023 cash flow remains unchanged from previous forecast despite 2023 NYMEX gas prices declining 12% since the last update. This is a reflection of Tourmaline's strong and continuously improving natural gas market diversification portfolio. Similarly, 2024 forecast cash flow has improved 3% since the last forecast update.

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<sup>(8)</sup> "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.

<sup>(9)</sup> "EP spending" is defined as Capital Expenditures, excluding acquisitions, dispositions, exploration capital and other corporate expenditures.

- Given the strong FCF generation outlook for 2023, the Company has elected to increase the quarterly base dividend effective Q2 2023 to \$1.04/share, on an annualized basis, from the current annualized \$1.00/share, as well as declare and pay a special dividend of \$1.50/share on May 19, 2023, to shareholders of record on May 11, 2023. This special cash dividend is designated as an "eligible dividend" for Canadian income tax purposes. The Company intends to return up to 100% of FCF to shareholders in 2023 through base dividends, special dividends, and share buybacks.

## MARKETING UPDATE

- Average realized natural gas price was CA\$6.18/mcf in Q1 2023, significantly higher than AECO 5A benchmark price of CA\$3.28/mcf over the period, as the Company benefited from its multi-year market diversification strategy.
- Tourmaline has an average of 801 mmcfpd hedged at a weighted average fixed price of CA\$5.58/mcf, an average of 137 mmcfpd hedged at a basis to Nymex of US\$0.46/mcf and an average of 731 mmcfpd of unhedged volumes exposed to export markets in 2023. Of this 731 mmcfpd, 71% is exposed to premium markets such as the US Gulf Coast, JKM, Malin, PGE, and Sumas.
- Tourmaline commenced delivery of 140 mmcfpd to the Cheniere Sabine Pass LNG facility where the Company's average Q1 realized price before liquefaction and shipping fees was US\$19.44/mcf. The 2023 JKM strip price for Q2 forward, as at April 14, 2023, was US\$14.87/mcf, Tourmaline has 31 mmcfpd hedged at a weighted average fixed JKM price of US\$31.26/mcf in 2023.
- Tourmaline has 56% of its summer 2023 AECO exposure hedged at a weighted average fixed price of CA\$3.88/mcf.
- On April 1, 2023, Tourmaline increased natural gas volumes exported to Western US markets by 100 mmcfpd up to 445 mmcfpd through the completion of the Westgate expansion project.

## EP UPDATE

- Tourmaline operated 15 drilling rigs during Q1 2023. The Company is currently operating 5 drilling rigs in Q2 2023. The Company currently has no active frac spreads.
- Tourmaline drilled a total of 71.37 net wells during Q1, completed 67.65 net wells in the quarter and has an inventory of 38.33 net DUCs entering Q2 2023.
- The Company expects to drill and complete a total of approximately 300 wells (gross) during 2023.
- Tourmaline now has 388 valid drilling permits in NEBC having received 82 incremental permits thus far in 2023.

## EXPLORATION UPDATE

- As of year-end 2022, Tourmaline has made 15 new pool/new zone discoveries since starting the exploration program, yielding 1.26 TCFe of booked 2P reserves in the 2022 independent GLJ reserve report.
- Current mapping of these new pools indicates the potential for a further 3.2 TCF of raw natural gas that the Company will delineate with follow up drilling.
- The Company has made an additional three new pool discoveries thus far in 2023.
- All of the production from the new pools will ultimately access current Tourmaline owned and operated infrastructure.
- As of year-end 2022, the exploration program has added an estimated 749 Tier 1 and 2 drilling locations (including 616 unbooked locations) to existing inventories.

## ENVIRONMENTAL PERFORMANCE IMPROVEMENT

- Tourmaline continues to systematically replace diesel in EP operations with natural gas, significantly reducing emissions and fuel costs. Between July 2017 and the end of Q1 2023, Tourmaline has displaced 106.5 million litres of diesel resulting in a net cost savings of \$103.0 million including the cost of the replacement natural gas. This initiative has resulted in a net CO<sub>2</sub> reduction of 67,258 tonnes over the same time period.
- On April 18, 2023, Tourmaline announced the next step in its diesel displacement initiative. Tourmaline and Clean Energy Fuels Corp. announced an initiative to jointly build and operate a network of up to 20 compressed natural gas (CNG) stations along key highway corridors across Western Canada. The initiative allows for the use of readily available natural gas to significantly lower emissions from heavy-duty trucks and other commercial transportation fleets.

## CORPORATE SUMMARY – FIRST QUARTER 2023

	Three Months Ended March 31,		
	2023	2022	Change
<b>OPERATIONS</b>			
Production			
Natural gas ( <i>mcf/d</i> )	2,469,747	2,360,941	5%
Crude oil, condensate and NGL ( <i>bbl/d</i> )	114,291	113,569	1%
Oil equivalent ( <i>boe/d</i> )	525,916	507,059	4%
Product prices <sup>(1)</sup>			
Natural gas ( <i>\$/mcf</i> )	\$ 6.18	\$ 4.86	27%
Crude oil, condensate and NGL ( <i>\$/bbl</i> )	\$ 63.16	\$ 66.54	(5)%
Operating expenses ( <i>\$/boe</i> )	\$ 4.63	\$ 4.21	10%
Transportation costs ( <i>\$/boe</i> )	\$ 5.37	\$ 4.89	10%
Operating netback ( <i>\$/boe</i> ) <sup>(2)</sup>	\$ 28.08	\$ 23.99	17%
Cash general and administrative expenses ( <i>\$/boe</i> ) <sup>(3)</sup>	\$ 0.67	\$ 0.59	14%
<b>FINANCIAL</b>			
<i>(\$000, except share and per share)</i>			
Commodity sales from production	1,515,280	1,895,171	(20)%
Total revenue from commodity sales and realized gains	2,023,584	1,713,684	18%
Royalties	221,212	203,734	9%
Cash flow	1,127,135	1,075,976	5%
Cash flow per share ( <i>diluted</i> )	\$ 3.28	\$ 3.18	3%
Net earnings	250,320	675,939	(63)%
Net earnings per share ( <i>diluted</i> )	\$ 0.73	\$ 1.99	(63)%
Capital expenditures ( <i>net of dispositions</i> ) <sup>(2)</sup>	594,497	479,373	24%
Weighted average shares outstanding ( <i>diluted</i> )	343,514,860	338,842,592	1%
Net debt	(709,003)	(769,089)	(8)%

(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 Q1 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, May 4, 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/3ZV77fa> 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 93772473.

## REPLAY DETAILS

If you are unable to dial into the live conference call on May 4<sup>th</sup>, a replay will be available by dialing 1-888-390-0541 (international 1-416-764-8677), referencing Encore Replay Code 772473. The recording will expire on May 18, 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: anticipated petroleum and natural gas production and production growth for various periods including estimated production levels for Q2 2023 and full-year 2023; expected free cash flow and cash flow levels for 2023 and expected cash flow level for 2024; the future declaration and payment of base and special dividends and the timing and amount thereof including any future increase; that the Company will return up to all of its free cash flow to shareholders through base dividend increases, special dividends and share buybacks; the number of wells to be drilled and completed in 2023; capital expenditures over various periods; cost reduction initiatives; projected operating and drilling costs and drilling times; sustainability and environmental improvement initiatives; Tourmaline's expectations regarding the construction and operation of CNG stations in Western Canada and the location of such stations, anticipated future commodity prices; the ability to generate, and the amount of, anticipated cash flow and free cash flow including in 2023 and 2024; 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; inflation; supply chain risks; the impact of wars or other hostilities (including the current war in Ukraine) 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.sedar.com](http://www.sedar.com)) or Tourmaline's website ([www.tourmalineoil.com](http://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 2023 cash flow and free cash flow and 2024 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 production of 530,000 boepd and 2024 estimated average production of 550,000 boepd, 2023 commodity price assumptions for natural gas (\$2.80/mcf NYMEX US; \$2.56/mcf AECO; \$16.43/mcf JKM US), crude oil (\$79.33/bbl WTI US) and an exchange rate assumption of \$0.75 (US/CAD) and 2024 commodity price assumptions for natural gas (\$3.46/mcf NYMEX US; \$3.21/mcf AECO; \$17.01/mcf JKM US), crude oil (\$74.60/bbl WTI US) and an exchange rate assumption of \$0.75 (US/CAD). To the extent such estimates constitute financial outlooks, they were approved by management and the Board of Directors of Tourmaline on May 3, 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", "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:

<i>(000s)</i>	Three Months Ended March 31,	
	2023	2022
Cash flow from operating activities (per GAAP)	\$ 1,538,075	\$ 1,113,649
Current income taxes	(198,358)	–
Current income taxes paid	25,029	–
Change in non-cash working capital	(237,611)	(37,673)
Cash flow	\$ 1,127,135	\$ 1,075,976

### 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:

<i>(000s)</i>	Three Months Ended March 31,	
	2023	2022
Cash flow used in investing activities (per GAAP)	\$ 501,598	\$ 459,447
Change in non-cash working capital	92,899	19,926
Capital expenditures	\$ 594,497	\$ 479,373

## 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 March 31,	
	2023	2022
Cash flow	\$ 1,127,135	\$ 1,075,976
Capital expenditures	(594,497)	(479,373)
Property acquisitions	15	24,921
Proceeds from divestitures	(7,291)	(3,297)
Free Cash Flow	\$ 525,362	\$ 618,227

## 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 March 31,	
	2023	2022
Commodity sales from production	\$ 1,515,280	\$ 1,895,171
Premium (loss) on risk management activities	398,348	(22,964)
Realized (loss) on financial instruments	109,956	(158,523)
Royalties	(221,212)	(203,734)
Transportation costs	(254,070)	(223,168)
Operating expenses	(219,002)	(191,918)
Operating netback	\$ 1,329,300	\$ 1,094,864

## 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	
	March 31,	
	2023	2022
Revenue, excluding processing income	\$ 42.75	\$ 37.55
Royalties	(4.67)	(4.46)
Transportation costs	(5.37)	(4.89)
Operating expenses	(4.63)	(4.21)
Operating netback	\$ 28.08	\$ 23.99

## 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	As at
	March 31, 2023	December 31, 2022
Working capital (deficit)	\$ 161,663	\$ 809,449
Fair value of financial instruments – short-term liability	(457,416)	(709,286)
Lease liabilities – short-term	3,994	3,109
Decommissioning obligations – short-term	30,000	30,000
Unrealized foreign exchange in working capital – liability (asset)	810	(8,605)
Adjusted working capital (deficit)	\$ (260,949)	\$ 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:

<i>(000s)</i>	As at March 31, 2023	As at December 31, 2022
Bank debt	\$ –	\$ (170,767)
Senior unsecured notes	(448,054)	(448,342)
Adjusted working capital (deficit)	(260,949)	124,667
Net debt	\$ (709,003)	\$ (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 Q1 2023 average daily production, April 2023 average daily production, forecast Q2 2023 average daily production and forecast 2023 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:

	<b>Light and Medium Crude Oil<sup>(1)</sup></b>	<b>Conventional Natural Gas</b>	<b>Shale Natural Gas</b>	<b>Natural Gas Liquids<sup>(1)</sup></b>	<b>Oil Equivalent Total</b>
	<b>Company Gross (bbls)</b>	<b>Company Gross (mcf)</b>	<b>Company Gross (mcf)</b>	<b>Company Gross (bbls)</b>	<b>Company Gross (boe)</b>
Q1 2023 Average Daily Production .....	44,685	1,322,639	1,147,108	69,606	525,916
April 2023 Average Daily Production .....	46,195	1,318,000	1,144,000	74,470	531,000
Q2 2023 Forecast Average Daily Production	44,600	1,246,000	1,105,000	71,065	507,500
2023 Forecast Average Daily Production.....	48,300	1,336,100	1,118,500	72,600	530,000

(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.

## 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:**

<i>1H</i>	first half
<i>2H</i>	second half
<i>bbbl</i>	barrel
<i>bbbls/day</i>	barrels per day
<i>bbbl/mmmcf</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>CNG</i>	compressed natural gas
<i>DUC</i>	drilled but uncompleted wells
<i>EP</i>	exploration and production
<i>gj</i>	gigajoule
<i>gjs/d</i>	gigajoules per day
<i>JKM</i>	Japan Korea Marker
<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>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>NCIB</i>	normal course issuer bid
<i>NGL or NGLs</i>	natural gas liquids
<i>TCF</i>	trillion cubic feet
<i>TCFe</i>	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 March 31, 2023 and 2022, please refer to SEDAR ([www.sedar.com](http://www.sedar.com)) or Tourmaline's website at [www.tourmalineoil.com](http://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.

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