



NEWS RELEASE

OCTOBER 1, 2024

## TOURMALINE ANNOUNCES CLOSING OF CREW ENERGY ACQUISITION AND GROSS OVERRIDING ROYALTY SALE TO TOPAZ ENERGY

**Calgary, Alberta** – Tourmaline Oil Corp. (TSX:TOU) ("Tourmaline" or the "Company") is pleased to announce that it has closed the acquisition of Crew Energy Inc. ("Crew"), pursuant to which the Company acquired all of the issued and outstanding common shares of Crew in exchange for 18.778 million Tourmaline common shares and the assumption of net debt of approximately \$230 million, including all transaction costs, for total consideration of approximately \$1.4 billion<sup>(1)</sup> (the "Crew Acquisition").

The Crew Acquisition represents a further important component of the Company's continuing NEBC consolidation strategy that complements the long-term EP organic growth plan. It provides a significant high-quality addition to Tourmaline's South Montney asset base and is immediately accretive to the Company's key financial and reserve metrics, estimated to add over \$200 million to Tourmaline's anticipated 2025 free cash flow ("FCF")<sup>(2)</sup>.

The Crew Acquisition includes existing low-decline average base production of 28,000 to 30,000 boepd, externally and independently evaluated proved and probable (2P) reserves of 473.2 million boe (Sproule Report – effective December 31, 2023), and an extensive drilling inventory, including over 700 Tier 1 locations (246 net Montney locations booked in the Sproule Report 2P reserve category). The Crew assets are immediately adjacent to Tourmaline's existing South Montney operated complex, with multiple facility synergies and cost reduction opportunities already identified.

Crew's Groundbirch development project, including the planned and permitted 15-25 electrified deep cut gas processing facility, has the potential to more than double the existing Crew production base. Tourmaline intends to proceed with the Groundbirch project within the next five years, with specific timing to be determined over the next year.

### Topaz Transaction

Tourmaline has entered into an agreement to sell a gross overriding royalty ("GORR") interest to Topaz Energy Corp. ("Topaz") on the recently acquired Crew lands, the Bonavista Energy lands acquired in 2023, and new Deep Basin, Peace River High and NEBC lands acquired by Tourmaline over the past two years, for total cash consideration of \$278.2 million (the "Topaz Transaction"). Consistent with Tourmaline's existing GORR agreements with Topaz, Topaz will receive a GORR of 3% on natural gas and 2.5% on crude oil and condensate. The Topaz Transaction represents an 11 times cash flow multiple on Tourmaline's forecasted 2025 cash flow, based on August 16, 2024 strip pricing. The Topaz Transaction is expected to close on November 1, 2024. The proceeds from the Topaz Transaction will be used to reduce bank indebtedness and allow for the Company to continue to execute on its consolidation strategy while maintaining low leverage.

(1) Based on the Tourmaline closing share price of \$61.41 as at September 27, 2024.

(2) Based on oil and gas commodity strip pricing on July 15, 2024.

### **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 the word "expects", and similar expressions is intended to identify forward-looking information. More particularly 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 characteristics of the acquired Crew assets including that the Crew Acquisition is immediately accretive to the Company's FCF and reserve metrics; the timing of major capital projects and associated volume growth; that the Company will proceed with the Groundbirch development project within the next five years, with specific timing to be determined over the next year and that it has the potential to approximately double the existing Crew production base; synergies associated with the Crew Acquisition; drilling inventory associated with the Crew Acquisition and Tourmaline's existing land base; incremental FCF associated with the Crew Acquisition including 2025 FCF; additional debt associated with the Crew Acquisition; the Company's strong FCF accretion associated with the Crew Acquisition; the timing for the completion of the Topaz Transaction; the use of proceeds from the Topaz Transaction; and the benefits to be derived from the Topaz Transaction; as well as Tourmaline's future drilling prospects and plans, business strategy, future development and growth opportunities, prospects and asset base, and any other future events or developments described herein including the Company's business as described under the heading "About Tourmaline Oil Corp." below. 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 including in connection with the Topaz Transaction; 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 and dispositions (including the Topaz Transaction) 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, 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.

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 (including the Crew Acquisition); failure to complete or realize the anticipated benefits of acquisitions (including the Crew Acquisition) or dispositions (including the Topaz Transaction); 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 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 of omnibus Bill C-59 and the related amendments to the *Competition Act* (Canada)) 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](http://www.sedarplus.ca)) 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.

## **RESERVES DATA**

The reserves data set forth in this new release is based upon external and 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 is an estimate of the increase to Tourmaline's anticipated 2025 FCF after giving effect to the Crew Acquisition, which is based on, among other things, the various assumptions as to Crew's production levels and other assumptions disclosed in this news release and including Tourmaline's estimated commodity price assumptions for natural gas (\$3.33/mmbtu 2025 NYMEX US, \$2.62/mcf 2025 AECO, \$12.83/mcf 2025 JKM US), crude oil (\$74.40/bbl 2025 WTI US) and an exchange rate assumption (CAD/USD) of \$0.74 for 2025. In addition, such estimate is provided for illustration purposes only and is based on budgets and forecasts that have not been finalized or approved by the Board of Directors and is subject to a variety of contingencies including past results. To the extent such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Tourmaline on October 1, 2024 and is included to provide readers with an understanding of the estimated increase to Tourmaline's anticipated 2025 FCF based on the 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 includes references to "net debt" which is considered a "capital management measure" and does not have a standardized meaning prescribed by International Financial Reporting Standards ("GAAP"). Accordingly, the Company's use of this term may not be comparable to similarly defined measures presented by other companies. Investors are cautioned that this measure 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**

#### **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. "Cash flow" is defined as cash flow from operating activities less current income taxes, plus current income taxes paid, less change in non-cash working capital. The most directly comparable GAAP measure for cash flow is cash flow from operating activities. "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). The most directly comparable GAAP measure for capital expenditures is cash flow used in investing activities.

### **Capital Management Measure**

#### **Net Debt**

Management uses the term "net debt" as a key measure for evaluating a company's capital structure and to provide shareholders and potential investors with a measurement of total indebtedness. For purposes of the Acquisition, net debt is defined as all indebtedness (including bank debt) plus working capital (excludes commodity hedges) and includes all transaction and related costs.

### **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 or the acquired assets 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.

## ABOUT TOURMALINE OIL CORP.

Tourmaline is Canada's largest and most active natural gas producer dedicated to producing the 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.

### **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

Vice President, Finance and Chief Financial Officer

(403) 767-3587; [brian.robinson@tourmalineoil.com](mailto:brian.robinson@tourmalineoil.com)

OR

Tourmaline Oil Corp.

Scott Kirker

Chief Legal Officer

(403) 767-3593; [scott.kirker@tourmalineoil.com](mailto:scott.kirker@tourmalineoil.com)

OR

Tourmaline Oil Corp.

Jamie Heard

Manager, Capital Markets

(403) 767-5942; [jamie.heard@tourmalineoil.com](mailto: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](mailto:info@tourmalineoil.com)

Website: [www.tourmalineoil.com](http://www.tourmalineoil.com)