



NEWS RELEASE

AUGUST 12, 2024

**TOURMALINE CONTINUES BC MONTNEY CONSOLIDATION  
STRATEGY WITH THE ACQUISITION OF CREW ENERGY INC. AND  
INCREASES BASE DIVIDEND**

**Calgary, Alberta** – Tourmaline Oil Corp. (TSX:TOU) ("**Tourmaline**" or the "**Company**") is pleased to announce that it has entered into a definitive arrangement agreement with Crew Energy Inc. ("**Crew**") to acquire all of the issued and outstanding common shares of Crew<sup>(1)</sup> (the "**Acquisition**" or the "**Arrangement**") in exchange for 18.778 million Tourmaline common shares and the assumption of net debt of approximately \$240 million, including all transaction costs, for total consideration of approximately \$1.3 billion<sup>(2)</sup>. The Acquisition is expected to close in early October 2024, subject to customary closing conditions.

The Acquisition represents a further important component of the Company's continuing NEBC consolidation strategy that builds on its 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, adding over \$200 million to Tourmaline's anticipated 2025 free cash flow<sup>(3)(4)</sup> ("**FCF**"). The Crew assets provide a significant future growth opportunity which, coupled with Tourmaline's extensive, well-defined BC Montney development inventory, will facilitate the Company evolving into Canada's largest and most efficient Montney producer. Tourmaline already is the largest Alberta Deep Basin producer; the BC/AB Montney and the Alberta Deep Basin are widely regarded as Canada's two premier natural gas plays. In addition, the Acquisition complements Tourmaline's continued growth towards a 750,000 boepd Canadian senior producer over the next five years, with further growth opportunities extending into the next decade.

The Company plans to sequence the timing of major capital projects, and associated volume growth, with improving commodity markets and will continue to prioritize total shareholder returns. Tourmaline believes this is an opportune time for consolidating natural gas assets prior to imminent major growth in the North American LNG business and acceleration of natural gas-powered electrical generation requirements across the continent.

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(1) Including the issuance of Crew common shares pursuant to Crew's incentive awards in accordance with the terms of the Arrangement.

(2) Based on Tourmaline closing share price of \$58.28/share on August 9, 2024.

(3) "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.

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

*"Dale and his team at Crew have done a tremendous job over the past 21 years assembling one of the premier, concentrated Montney asset bases in NEBC, with significant upside. Tourmaline's scale, execution capability and ability to generate strong FCF in all parts of the commodity cycle will allow Crew shareholders to realize the material embedded upside on an accelerated timeline"* said Mike Rose, President & CEO of Tourmaline.

## CREW ACQUISITION OVERVIEW

- The Acquisition includes existing low decline average base production of 29,000 – 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.
- Crew's Groundbirch development project, including the planned and permitted 15-25 electrified deep cut gas processing facility, has the potential to approximately 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.
- Tourmaline has identified multiple synergies associated with the Acquisition, including drilling and completion capital cost improvements, infrastructure capital cost reduction opportunities, as well as liquids growth and margin improvement opportunities. The Company estimates initial acquisition synergies with a net present value of over \$0.6 billion at a 10 percent discount rate before tax. This does not include additional value expected to be realized through further productivity gains, expected field operating cost improvements, synergies with existing Tourmaline facilities, or future natural gas marketing opportunities for the Crew gas volumes.
- The Crew drilling inventory complements Tourmaline's existing Tier 1 inventory, adding an estimated four years of Tier 1 locations based on a break-even average natural gas price of \$1.50/GJ<sup>(5)</sup>. Over the entire combined land base in NEBC and Alberta, the Company now has over 20 years of Tier 1 inventory and over 75 years of total inventory.
- The Arrangement is expected to close in early October 2024, subject to certain customary closing conditions, including receipt of Court, Crew shareholder and regulatory approvals. All of the officers and directors and certain shareholders of Crew (representing 32% of the fully diluted shares outstanding) have entered into voting support agreements and have agreed to vote in favour of the Arrangement.
- The Board of Directors of each of Crew and Tourmaline have unanimously approved the Acquisition.

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(5) AECO C\$/GJ PV10% Breakeven as per internal analysis; liquids realizations as of April 19, 2024 strip 2024/2025+ avg % of EDM40 derated to US\$65 WTI

## TOURMALINE EP PLAN AND FINANCIAL ACCRETION

- Tourmaline has included a pro-forma update of its five-year EP plan, incorporating Crew's assets, in its corporate presentation available on the Company's website. Under a maintenance capital scenario, based on average daily production of 30,000 boed, the Company anticipates generating over \$240 million in annual cash flow<sup>(6)</sup> (before tax). Also, under a maintenance capital scenario, the Acquisition is estimated to add over \$200 million to 2025 FCF, inclusive of one-time savings, and \$130 million<sup>(7)</sup> of recurring FCF.
- Following completion of the Groundbirch development project<sup>(8)</sup>, estimated annual FCF of the acquired assets is expected to increase to approximately \$350-400 million per year, or approximately \$1 of FCF per pro-forma share, which will be used to primarily fund future dividend growth.
- Tourmaline's net debt<sup>(9)</sup> to 2024 cash flow is expected to remain below 0.6 times inclusive of the approximately \$240 million additional debt assumed with the Acquisition.
- Assuming closing of the Acquisition occurs on or around the first week of October, the pro-forma Tourmaline 2024 average production guidance has been revised to 582,500 – 592,500 boepd from 575,000 – 585,000 boepd and the 2024 pro-forma EP capital budget has been revised to \$2,050 million from \$2,000 million to account for additional Crew Q4 anticipated activity. Tourmaline will provide updated 2024 guidance and an updated EP plan following closing of the Acquisition, which is anticipated to be released with its third quarter 2024 financial results.

## DIVIDEND

- Tourmaline's Board of Directors has approved an increase in the quarterly base dividend effective in Q3 2024 from \$0.33/share to \$0.35/share (\$1.40/share on an annualized basis), representing a 6% increase from the recently announced increased base dividend of \$0.33/share. To date in 2024, the Company has increased the base dividend by 25% (\$0.07/share). The Q3 quarterly base dividend is expected to be declared in early September and payable on September 27, 2024, to shareholders of record at the close of business on September 13, 2024. The quarterly base dividend will be designated as an eligible dividend for Canadian income tax purposes.

## ADVISORS

- Peters & Co. Limited is acting as exclusive financial advisor to Tourmaline with respect to the Acquisition.

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

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

(8) The Groundbirch development project is not currently included in the Company's 5 year EP Plan

(9) "Net debt" is a capital management measure. See "Non-GAAP and Other Financial Measures" in this news release and in the Q2 MD&A.

## Reader Advisories

### CURRENCY

All financial figures are in Canadian dollars.

### 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 completion of the Acquisition including the timing and terms thereof; the Company's anticipated 2024 exit production; the benefits of the Acquisition and the characteristics of the acquired assets including that the Acquisition is immediately accretive to the Company's FCF and reserve metrics; that the Company will evolve into Canada's largest Montney producer and become a senior producer over the next five years; the timing of major capital projects and associated volume growth; the plan to prioritize shareholder returns; the imminent growth in the North American LNG business and natural gas powered electrical generation requirements across North America; that the Company will proceed with the Groundbirch development project within the next five years and that it has the potential to approximately double the existing Crew production base; synergies associated with the Acquisition; drilling inventory associated with the Acquisition and Tourmaline's existing land base; incremental FCF associated with the Acquisition including recurring before tax CF and FCF both prior to and following the completion of the Groundbirch development; Tourmaline's net debt to CF ratio and long term net debt levels, additional debt associated with the Acquisition; pro forma 2024 average production and EP capital budget; the Company's strong FCF accretion associated with the Acquisition; the timing for the release of updated guidance; the timing and amount of future dividends; 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 Acquisition; 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 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, 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 (including the Acquisition); failure to complete or realize the anticipated benefits of acquisitions (including the Acquisition) or dispositions; 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 in connection with the Acquisition 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 are estimates of Tourmaline's 2025 and beyond free cash flow and 2024 net debt targets, 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 including Tourmaline's estimated average production of 587,500 boepd for 2024, 650,000 boepd for 2025, 690,000 boepd for 2026, 735,000 boepd for 2027 and 745,000 boepd for 2028, commodity price assumptions for natural gas (\$2.31/mmbtu 2024 NYMEX US, \$3.33/mmbtu 2025 NYMEX US, \$3.71/mmbtu 2026 NYMEX US, \$3.78/mmbtu 2027 NYMEX US \$3.72/mmbtu 2028 NYMEX US, \$1.62/mcf 2024 AECO,

\$2.62/mcf 2025 AECO, \$3.07/mcf 2026 AECO, \$3.24/mcf 2027 AECO, \$3.32/mcf 2028 AECO, \$11.54/mcf 2024 JKM US, \$12.83/mcf 2025 JKM US, \$11.57/mcf 2026 JKM US, \$10.10/mcf 2027 JKM US, \$9.02/mcf 2028 JKM US ), crude oil (\$79.27/bbl 2024 WTI US, \$74.40/bbl 2025 WTI US, \$70.47/bbl 2026 WTI US, \$67.98/bbl 2027 WTI US, \$66.41/bbl 2028 WTI US) and an exchange rate assumption (CAD/USD) of \$0.73 for 2024, 0.74 for 2025 and 2026 and 0.75 for 2027 and 2028. In addition, in the case of the years other than 2024, such estimates are provided for illustration only and are based on budgets and forecasts that have not been finalized or approved by the Board of Directors and are subject to a variety of contingencies including prior years' results. To the extent such estimates constitute a financial outlook, it was approved by management and the Board of Directors of Tourmaline on August 12, 2024 and is included to provide readers with an understanding of Tourmaline's anticipated cash flow, 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 includes references to "net debt" and "adjusted working capital" which are considered "capital management measures" and do not have standardized meanings 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. 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**

#### **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.

## SUPPLEMENTAL INFORMATION REGARDING PRODUCT TYPES

This news release includes references to acquired Crew average production, and pro-forma Tourmaline 2024 average 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>
Current Crew Production	6,000	–	129,600	2,400	30,000
Pro Forma Tourmaline 2024 Average Production	50,285	1,483,770	1,172,400	94,520	587,500

(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 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>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>EP</i>	exploration and production
<i>gj</i>	gigajoule
<i>gjs/d</i>	gigajoules per day
<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>NGL or NGLs</i>	natural gas liquids
<i>Tcf</i>	trillion cubic feet

## **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.

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