



NEWS RELEASE

FEBRUARY 24, 2020

TOURMALINE ANNOUNCES NEBC MONTNEY CONSOLIDATION ACTIVITIES

Calgary, Alberta – Tourmaline Oil Corp. (TSX:TOU) ("Tourmaline" or the "Company") is pleased to announce a series of transactions in the NEBC Montney gas/condensate complex. The Company has entered into a definitive agreement to acquire a public oil and gas producer, has also acquired a private oil and gas company and has completed a small complementary asset transaction at Gundy. The two corporate transactions add approximately 6,000 boepd of current production, 2P reserves of 116.3 mmboe⁽¹⁾, and 160,000 acres of Montney lands for a combined cash purchase price of \$33.4 million.

CHINOOK ENERGY ACQUISITION

Tourmaline has entered into a definitive arrangement agreement with Chinook Energy Inc. ("Chinook") to acquire all of the issued and outstanding common shares of Chinook through a plan of arrangement for cash consideration of \$0.0675 per share. The total cash consideration will be approximately \$24.4 million, including assumed debt. The transaction is expected to close, subject to regulatory, court and shareholder approval, in late April 2020. All of the directors and executive officers of Chinook and a significant shareholder of Chinook have entered into support agreements with Tourmaline and have agreed to vote an aggregate of approximately 37% of the outstanding Chinook common shares in favor of the transaction, subject to the provisions of such support agreements.

The Chinook NEBC assets include approximately 3,500 boepd of production, 35.6 mmboe of 2P reserves, 54,000 acres of Montney lands, a gas plant, a compressor station, and a 190 mmcfpd regional 12-inch pipeline.

POLAR STAR ACQUISITION

Tourmaline acquired Polar Star Canadian Oil and Gas Inc. ("Polar Star") on February 14, 2020 for total cash consideration of \$9.0 million, plus working capital adjustments. The acquired BC assets include approximately 2,500 boepd of production, 2P reserves of 80.7 mmboe, 106,000 net acres of Montney lands, and a compressor station.

⁽¹⁾ Reserves have been evaluated by independent reserve evaluators as at December 31, 2018 as follows: Polar Star 2P reserves of 80.7 mmboe by Sproule and Chinook 2P reserves of 35.6 mmboe by McDaniel for a combined 2P reserves total of 116.3 mmboe. Reserves are working interest gross reserves before deduction of royalties payable to others and without including any royalty interests.

CHINOOK/POLAR STAR DEVELOPMENT PLANS

Tourmaline will initially focus on optimizing production and reducing field costs with the expectation that the Chinook/Polar Star assets will generate approximately \$8.0 - \$10.0 million of cash flow⁽²⁾ annually at current gas prices which is entirely incremental to Tourmaline's free cash flow⁽³⁾ as outlined in the Company's five-year development plan. Minimal development of the assets is expected in the next two years while Tourmaline assembles a regional facility plan as a key aspect of the future development of these assets, including a Gundy scale deep-cut facility (200 mmcfpd, 15,000 bpd condensate and NGLs). Tourmaline's low capital and cash cost EP model applied to these assets will ultimately yield a new, highly profitable, liquids-rich Montney gas complex for the Company.

Tourmaline drills the lowest capital cost completed Montney horizontals in BC/AB and has the lowest operating costs of the BC Montney producers (\$2.40/boe in 2019).

PAINTED PONY ASSETS

Tourmaline acquired a 75% working interest in a 13 section block of acreage (including 3D seismic) adjacent to the Company's Gundy complex for \$49 million in Q4 2019. The lands offset the Company's highest deliverability, most liquid-rich lands at South Gundy. The 94-B-09 pad delivered seven of NEBC's highest-deliverability Montney wells between September and November 2019. The Company is planning to bring a new nine-well pad on production in Q3 2020 from the acquired lands, with an estimated initial production rate of 15,000 boepd (gross) (65 mmcfpd, 5,000 bpd liquids). Tourmaline plans to sell a GORR to Topaz Energy on the acquired lands, equivalent to the GORR on the existing Tourmaline Gundy acreage, for \$22.5 million.

ACQUISITION PROGRAM FUNDING

The 2020/21 acquisition program is expected to ultimately be funded by the monetization of the 74% equity ownership position that Tourmaline currently has in its subsidiary, Topaz Energy. The 2020 EP capital program remains at \$925 million, yielding production volumes of 315,000-320,000 boepd. The production and cash flow from the 2020 acquisition program will be accretive to the base EP program.

The three NEBC transactions significantly increase Tourmaline's acreage position in the NEBC Montney fairway while investing only 10% of the proceeds that Tourmaline received by selling assets to Topaz Energy in November 2019.

This portfolio of transactions is accretive to debt-adjusted cash flow per share in 2020 and 2021 and provides accretive free cash flow yield commencing in 2021.

(2) "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.

(3) "Free cash flow" 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 any dividend payments. See "Non-GAAP Financial Measures" in this news release.

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: completion of the Chinook transaction; anticipated sales of certain assets to Topaz Energy; cash flow to be generated by the Chinook/Polar Star assets and the profitability thereof; anticipated additional production and initial production rates; future monetization of the Company's equity ownership of Topaz Energy; anticipated petroleum and natural gas production and production growth for various periods including annual 2020; capital spending in 2020; the portfolio of transactions being accretive to debt-adjusted cash flow per share in 2020 and 2021 and providing accretive free cash flow yield commencing in 2021; facility expansions and the timing thereof; 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: completion of the Chinook transaction; 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 and dispositions; the state of the economy and the exploration and production business; the availability and cost of financing, labour and services; ability to market crude oil, natural gas and NGL successfully; and availability of funds from Tourmaline's equity position in Topaz.

Statements relating to "reserves" are also deemed to be forward looking statements, 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.

This news release also contains forward-looking information concerning the anticipated completion of the Chinook transaction and the anticipated timing thereof. Tourmaline has provided these anticipated times in reliance on certain assumptions that it believes are reasonable, including assumptions as to the time required to prepare meeting materials for mailing, the timing of receipt of the necessary regulatory, court and shareholder approvals and the satisfaction of and time necessary to satisfy the conditions to the closing of the transaction. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory, court or shareholder approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the transaction. In addition, there are no assurances

the transaction will be completed. Accordingly, readers should not place undue reliance on the forward-looking information contained in this news release concerning these times.

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; 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; 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.

FINANCIAL OUTLOOK

Also included in this news release is an estimate of the annual cash flow to be generated by the Chinook/Polar Star assets, which is based on, among other things, the various assumptions as to production levels, capital expenditures and other assumptions disclosed in this news release and including commodity price assumptions for natural gas (NYMEX (US) - \$2.14/mcf), and crude oil (WTI (US) - \$53.18/bbl) and an exchange rate assumption of \$0.76 (US/CAD). To the extent such estimates constitute a financial outlook, they were approved by management and the Board of Directors of Tourmaline on February 22, 2020 and are included to provide readers with an understanding of Tourmaline's anticipated cash flow from the Chinook/Polar Star assets 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 "free cash flow" and "cash flow", 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 financial measures presented by other companies. Management uses the terms "free cash flow" and "cash flow" for its own performance measures and to provide shareholders and potential investors with a measurement of the Company's 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 financial 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. Free cash flow is calculated as cash flow less total net capital expenditures and is prior to any dividend payments. Total net capital expenditures is defined as total capital spending before acquisitions and non-core dispositions. Cash flow is defined as cash provided by operations before changes in non-cash operating working capital. See "Non-GAAP Financial Measures" in the most recently filed Management's Discussion and Analysis for additional information regarding these non-GAAP financial measures including reconciliations to the most directly comparable GAAP financial measures.

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.

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.

CERTAIN DEFINITIONS:

<i>bbl</i>	barrel
<i>bbls/day</i>	barrels per day
<i>bbl/mmcf</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>FCP</i>	final circulating pressure
<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>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>mstboe</i>	thousand stock tank barrels of oil equivalent
<i>NGL or NGLs</i>	natural gas liquids

ABOUT TOURMALINE OIL CORP.

Tourmaline is a Canadian senior crude oil and natural gas exploration and production company focused on long-term growth through an aggressive exploration, development, production and acquisition program in the Western Canadian Sedimentary Basin.

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