**PRESS RELEASE**

August 13, 2014

# TORC OIL & GAS LTD. ANNOUNCES SECOND QUARTER 2014 FINANCIAL & OPERATIONAL RESULTS; INCREASE TO 2014 PRODUCTION GUIDANCE; POSITIONED FOR SIGNIFICANT SECOND HALF CAPITAL PROGRAM

CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce its financial and operating results for the three and six months ended June 30, 2014. The associated Management's Discussion and Analysis ("MD&A") and unaudited interim financial statements as at and for the three and six months ended June 30, 2014 can be found at www.sedar.com and www.torcoil.com.

| **Highlights** | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| *(in thousands, except per share data)* | **June 30 2014** | March 31 2014 | June 30 2013 | **June 30 2014** | June 30 2013 |
| **Financial** | | | | | |
| Funds flow from operations, including transaction related costs/recovery (1) | **$50,655** | $47,207 | $16,580 | **$97,862** | $31,855 |
| Per share basic (2) | **$0.55** | $0.52 | $0.43 | **$1.07** | $0.83 |
| Per share diluted (2) | **$0.53** | $0.50 | $0.42 | **$1.04** | $0.81 |
| Funds flow from operations, excluding transaction related costs/recovery (1) | **$50,735** | $47,207 | $16,397 | **$97,942** | $31,580 |
| Per share basic (2) | **$0.55** | $0.52 | $0.42 | **$1.07** | $0.82 |
| Per share diluted (2) | **$0.53** | $0.50 | $0.42 | **$1.04** | $0.80 |
| Net income | **$13,494** | $8,029 | $3,340 | **$21,523** | $4,470 |
| Per share basic (2) | **$0.15** | $0.09 | $0.09 | **$0.23** | $0.12 |
| Per share diluted (2) | **$0.14** | $0.09 | $0.09 | **$0.23** | $0.11 |
| Exploration and development expenditures | **$12,905** | $37,740 | $18,383 | **$50,645** | $67,864 |
| Property acquisitions (dispositions), net | **$70,617** | ($27) | ($556) | **$70,590** | ($324) |
| Net debt (3) | **$181,169** | $145,528 | $2,088 | **$181,169** | $2,088 |
| Common shares (2) | | | | | |
| Shares outstanding, end of period | **93,234** | 91,823 | 38,635 | **93,234** | 38,636 |
| Weighted average shares (basic) | **92,126** | 91,620 | 38,621 | **91,868** | 38,604 |
| Weighted average shares (diluted) | **95,015** | 94,159 | 39,068 | **94,352** | 39,476 |
| **Operations** | | | | | |
| Production | | | | | |
| Crude oil (Bbls per day) | **8,851** | 8,505 | 3,150 | **8,677** | 3,118 |
| NGL (Bbls per day) | **476** | 419 | 213 | **449** | 210 |
| Natural gas (Mcf per day) | **10,734** | 9,630 | 5,696 | **10,185** | 5,686 |
| Barrels of oil equivalent (Boepd, 6:1) | **11,116** | 10,529 | 4,312 | **10,824** | 4,276 |
| Average realized price | | | | | |
| Crude oil ($ per Bbl) | **$99.66** | $93.90 | $87.92 | **$96.85** | $85.81 |
| NGL ($ per Bbl) | **$55.82** | $66.40 | $48.91 | **$60.76** | $53.74 |
| Natural gas ($ per Mcf) | **$4.94** | $5.54 | $3.71 | **$5.22** | $3.48 |
| Barrels of oil equivalent ($ per Boe, 6:1) | **$86.51** | $83.55 | $71.65 | **$85.08** | $69.96 |
| Operating netback per Boe (6:1) ($) | | | | | |
| Operating netback (1) | **$54.37** | $53.49 | $46.35 | **$53.96** | $44.99 |
| Operating netback (prior to hedging) (1) | **$56.92** | $55.00 | $46.30 | **$56.00** | $44.95 |
| Funds flow netback per Boe (6:1) ($) | | | | | |
| Including transaction related costs (1) | **$50.08** | $49.82 | $42.25 | **$49.95** | $41.15 |
| Excluding transaction related costs (1) | **$50.15** | $49.82 | $42.25 | **$49.99** | $40.80 |

| | | | | | |
|---|---|---|---|---|---|
| Wells drilled: | | | | | |
| Gross | **4** | 13 | 4 | **17** | 13 |
| Net | **2.8** | 8.5 | 4.0 | **11.3** | 9.6 |
| Success (%) | **100** | 100 | 100 | **100** | 100 |

*(Footnotes on following page)*

(1) *Management uses these financial measures to analyze operating performance and leverage. The definitions of these measures are found in the Company's Management's Discussion and Analysis ("the MD&A") for the three and six months ended June 30, 2014. These measures do not have any standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculation of similar measures for other companies.*

(2) *In September 2013, the Company consolidated its outstanding common shares, stock options, incentive shares and warrants on a 1 for 5 basis. As a result, the number of outstanding common shares, stock options, incentive shares and warrants of comparative periods have been reduced by a factor of five, in order for the comparative common share, stock options, incentive shares, warrants, per share and per diluted share amounts to be equivalent.*

(3) *Net debt is calculated as current assets (excluding financial derivative assets) less: i) current liabilities (excluding financial derivative liabilities), ii) bank debt, and iii) non-current deferred lease incentives.*

**PRESIDENT'S MESSAGE**

The Company's key achievements in the second quarter of 2014 included the following:

- Achieved record quarterly production of 11,116 boepd in the second quarter of 2014, up from 10,529 boepd in the first quarter of 2014 and 4,312 boepd in the second quarter of 2013;
- Generated cash flow of $50.7 million, up from $47.2 million in the first quarter of 2014 and $16.6 million in the second quarter of 2013;
- Cash flow per share increased to $0.55 per basic share in the second quarter of 2014 as compared to $0.52 in the first quarter of 2014 and $0.43 per share in the second quarter of 2013;
- Drilled 4 (2.8 net) wells in the second quarter of 2014 with 100% success;
- At quarter end, the Company was drawn $138 million on an available $375 million credit facility, with net debt of approximately $181 million;
- Net debt to annualized second quarter cash flow was 0.9 times;
- Paid dividends of $0.135 per share to shareholders in the second quarter of 2014; and
- Successfully closed and integrated multiple tuck-in asset acquisitions in TORC's core Cardium and southeast Saskatchewan areas adding high netback production, high quality development drilling locations and increasing reserves, production and cash flow per share.

**OPERATIONAL UPDATE**

Continuing the trend of consecutive quarterly production growth since TORC went public in 2012, TORC achieved record production of 11,116 boepd in the second quarter due to strong well performance from TORC's first half capital program and the solid underlying base production profile.

TORC's second quarter capital program consisted of spending $13 million, including the drilling of 4 (2.8 net) wells with 100% success. With expected reduced activity levels in the second quarter, the first half of the year saw TORC spend a total of $51 million of the planned $135 million 2014 capital program. TORC is positioned for a very active second half of 2014 with a second half capital program being greater than 60% of TORC's 2014 total program.

As previously announced, during the second quarter of 2014, TORC entered into and closed several tuck-in asset acquisitions in the Company's core Cardium areas and in its conventional light oil properties in southeast Saskatchewan. These acquisitions represent both increases in working interests and acquisitions of properties adjacent to the Company's current operations adding high netback production and high quality development drilling locations. These acquisitions were successfully integrated during the quarter and will see activity in the second half of 2014 as part of the $135 million capital program.

CARDIUM

TORC's budget in the Cardium for 2014 includes the drilling of 29 gross (17.9 net) wells. As planned, no Cardium wells were rig released in the second quarter. TORC is actively executing the remaining program for 2014 which includes 20 (11.4 net) wells spread across TORC's land position. The focus in the Cardium remains on continuing to improve capital efficiencies through cost improvements and the optimization of completion methodologies.

The Company has identified more than 275 net undrilled locations on over 90 net light oil development sections. The 2014 budget of 17.9 net wells represents less than 10% of this high quality development inventory. The size of this inventory uniquely positions TORC with years of lower risk, high quality drilling locations and provides significant leverage to improvements in go forward capital efficiencies.

MONARCH

TORC has identified an area in the heart of the Monarch play which is the focus of the Company's initial development efforts. TORC's 2014 capital plans include the drilling of three development wells focused on this initial 20 net section development area. The first well (1.0 net) in this program was successfully drilled in the second quarter, with the second well (1.0 net) drilled in the third quarter off the same pad. The third well (1.0 net) is currently drilling. All three wells are scheduled to be completed in the third quarter.

In the fourth quarter of 2013, TORC drilled and completed a delineation well (4-20), located approximately three miles northwest of TORC's 16-2 discovery well and drilled its first development well (14-1) directly offsetting the Company's 16-2 discovery well. The 14-1 well was completed and brought on production in the first quarter of 2014. Both the 4-20 step out well and the 14-1 development well were completed with increased frac intervals and increased tonnage relative to earlier completions.

The 4-20 step out well has now been on production for greater than 150 days with an IP 150 of 362 bbls per day of light oil. Both the IP 90 production rate of 427 bbls per day of light oil and the IP 150 production rate are approximately 20% greater than the production from the 16-2 discovery well over the same time periods.

The 14-1 well has now been on production for greater than 90 days with an IP 90 production rate of 407 bbls of light oil per day which is 16% greater than 16-2 over the same period and in line with the 4-20 well. The 14-1 well continues to demonstrate a strong later time production profile relative to the 16-2 and 4-20 wells with the final 30 day average rate of the IP 90 production 60% greater than 16-2 and 40% greater than 4-20.

TORC is very encouraged with the production profiles of its most recent wells and is working towards demonstrating repeatability and continued optimization in this initial 20 net section development area during 2014. TORC estimates that the initial development focus area contains more than 75 net potential development locations. In aggregate, TORC has exposure to approximately 150 net sections of land at Monarch. The initial development area represents less than 15% of TORC's landholdings in the area.

SOUTHEAST SASKATCHEWAN

TORC successfully drilled 3 (1.8 net) southeast Saskatchewan wells in the second quarter of 2014 including 2 (1.5 net) Three Forks/Torquay wells and 1 (0.3 net) conventional light oil well. Neither of the Three Forks/Torquay wells were completed in the second quarter.

Industry activity in the Three Forks/Torquay play continues to accelerate into the second half of 2014. TORC is budgeting to drill 3.5 net delineation wells in this play during 2014 while continuing to monitor industry activity offsetting TORC's acreage. TORC holds 70 net prospective sections in the Three Forks/Torquay play providing significant exposure to this emerging play.

In 2014, TORC's budget includes the drilling of approximately 14 net conventional wells in southeast Saskatchewan. This represents approximately 10% of the Company's currently identified conventional development drilling inventory of over 150 net locations. These wells are characterized by their lower risk nature and high rates of return driven by their lower capital costs, high netbacks and the favorable royalty regime in Saskatchewan.

## INCREASED PRODUCTION GUIDANCE

With continued outperformance of TORC's base production profile relative to forecast, TORC is increasing its 2014 average production forecast to more than 11,050 boepd (~85% light oil and liquids) and 2014 exit production to more than 11,400 boepd (~85% light oil and liquids) without any changes to the 2014 capital program. This upward revision to guidance represents the third increase to TORC's initial 2014 exit guidance of 10,450 boepd.

## DIVIDENDS

TORC paid dividends totaling $0.135 per share in the second quarter of 2014. The Board of Directors has confirmed a dividend of $0.045 per common share to be paid on August 15, 2014 to common shareholders of record on July 31, 2014.

TORC's shareholders may receive dividend payments in the form of cash or may elect to receive dividend payments in the form of common shares through the Company's Stock Dividend Plan ("SDP"). Participation in the SDP is optional. Shareholders, wherever resident, are encouraged to consult their own tax advisors regarding the tax consequences to them of receiving cash or stock dividends.

During the first half of 2014 TORC paid dividends totaling $24.8 million, of which $7.8 million was issued under the SDP.

## OUTLOOK

TORC has built a sustainable growth platform of light oil focused assets. The stability of the high quality, low decline, light oil assets in southeast Saskatchewan, combined with the low risk Cardium development inventory in central Alberta and exposure to the emerging light oil resource play at Monarch in southern Alberta and to the Three Forks/Torquay play in southeast Saskatchewan, positions TORC for value creation through a disciplined growth strategy and a sustainable dividend.

With a 25% decline profile and based on $40,000 per boepd estimated full cycle capital efficiency, TORC estimates that its maintenance capital expenditure requirement to keep production flat is approximately $114 million. With an annual cash dividend of $38 million, TORC requires $152 million to sustain production and pay its dividend. Based on run rate production of 11,400 boepd, C$90 Edmonton light oil and C$4.00 per mcf AECO pricing, run rate cash flow is approximately $182 million. At current commodity prices run rate cash flow is approximately $210 million providing for between $30 million and $60 million of free cash flow for organic growth and acquisitions.

Net debt at the end of the second quarter was approximately $181 million on a bank line of $375 million providing significant financial flexibility and implying a debt to cash flow ratio of less than one times at current commodity price levels.

To provide additional certainty around its guidance, TORC has undertaken an active commodity hedging program to further protect our core capital spending requirements and dividend policy and currently has an average of 4,250 boepd hedged for the second half of 2014 and 2,600 boepd hedged for 2015. A complete list of the Company's hedges can be found in the updated corporate presentation located at www.torcoil.com.

TORC has the following key operational and financial attributes:

| | |
|---|---|
| High Netback Production | 2014E Avg: greater than 11,050 boepd (~85% light oil & NGLs)<br>2014E Exit: greater than 11,400 boepd (~85% light oil & NGLs) |
| Reserves [1] | Greater than 51 mmboe (81% light oil & NGLs) Total Proved plus Probable |
| Southeast Saskatchewan Light Oil Development Inventory | ~150 net undrilled locations (<10% to be drilled in 2014) |
| Cardium Light Oil Development Inventory | ~275 net undrilled locations (<10% to be drilled in 2014) |
| Emerging Light Oil Resource Exposure | Greater than 150 net sections at Monarch<br>Greater than 70 net sections of Three Forks/Torquay exposure |
| Sustainability Assumptions | Corporate decline ~25%<br>Light Oil Full Cycle Capital Efficiency ~$40,000/boepd (IP 365)<br>$45 per boe cash netback ($90 Edm light) |
| Run Rate Cash Flow [2] | ~$182 million (C$90 Edm), ~$210 (Current Commodities) |
| 2014 Maintenance Capex | $114 million |
| Percent of Cash Flow Required to Maintain Production | 63% (C$90 Edm), 54% (Current Commodities) |
| Free Cash Flow for Growth | ~$30 million (C$90 Edm), ~$60 million (Current Commodities) |
| Annual Dividend (paid monthly) | $0.54 per share<br>$50 million<br>$38 million (net of CPPIB share dividend participation) |
| Targeted Organic Growth | 5-7% |
| Targeted All-in-Payout Ratio | Less than 100% |
| Net Debt & Bank Line | Q2 net debt of $181 million<br>Bank line of $375 million |
| Debt/Cash Flow (run rate) | < 1.0x |
| Shares Outstanding | 93.2 million (basic) |
| Tax Pools | Greater than $1 billion |

Notes:

(1) Company gross reserves being pro forma TORC's working interest share before deduction of royalties and without including any royalty interests of pro forma TORC. Based on the independent reserve report, effective as of December 31, 2013, prepared by Sproule Associates Limited, and TORC internal evaluations of the subsequent acquisitions, prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook.

(2) Based on $4.00 AECO.

TORC Oil & Gas Ltd. is a Calgary based company active in the acquisition, exploration, development and production of crude oil and natural gas in Western Canada.

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***Note regarding forward looking statements:***

*This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of TORC's 2014 capital budget, strategic objectives, anticipated future operations, dividend increases, financial, operating and production results, operational initiatives and the expected results, including expected 2014 average production, exit production, cash flow, netbacks, decline rates, net debt to cash flow, capital expenditure program, commodity pricing, dividends, targeted growth, tax pools and drilling and development plans and the timing thereof. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: the Company's objectives; the focus and allocation of TORC's 2014 capital budget; management's view of the characteristics and quality of TORC's assets, including the high quality, low-risk, light oil, high netback, development nature of TORC's properties, the magnitude of opportunities available to the Company on its assets, the production profile and decline rates on the Company's assets, the Company's exposure to large scale resource plays, the repeatability of operations and the drilling inventory available to the Company; production, growth, debt, dividend and payout ratio guidance for 2014; anticipated maintenance capital expenditures and growth capital expenditures in 2014; targeted growth rates; and other matters ancillary or incidental to the foregoing.*

*Forward-looking information typically uses words such as "anticipate", "believe", "project", "target", "guidance", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by TORC's management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; capital efficiencies; decline rates; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully and TORC's ability to access capital.*

*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.*

*Although the Company 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 TORC can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on TORC's future operations and such information may not be appropriate for other purposes.*

***Dividends***

*The payment and the amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of director's assessment of TORC's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.*

***Non-GAAP Measures***

*This document contains the term "cash flow" and "netbacks", which do not have a standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP") and therefore may not be comparable with the calculation of similar measures by other companies. TORC uses cash flow and netbacks to analyze financial and operating performance. TORC feels these benchmarks are key measures of profitability and overall sustainability for TORC. Both of these terms are commonly used in the oil and gas industry. Cash flow and operating netbacks are not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Cash flows are calculated as cash flows from operating activities less changes in non-cash working capital. Netbacks are determined by deducting royalties, production expenses and transportation and selling expenses from oil and gas revenue. TORC calculates cash flow per share using the same method and shares outstanding that are used in the determination of earnings per share.*

***Information Regarding Disclosure on Oil and Gas Reserves and Operational Information:***

*Our oil and gas reserves statement for the year ended December 31, 2013, which includes complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, is contained within our Annual Information Form which is available on our SEDAR profile by at www.sedar.com. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In relation to the disclosure of estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed above under the heading "Note regarding forward looking statements".*

***Meaning of Boe and Boepd***

*The term "BOE" or barrels of oil equivalent may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.*

***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 to produce and decline thereafter. Additionally, such rates may also include recovered fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. Initial production or test are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.*