PRESS RELEASE

December 16, 2014

TORC OIL & GAS LTD. ANNOUNCES 2015 CAPITAL BUDGET

CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce that its Board of Directors has approved a 2015 capital budget of $125 million. TORC's strategic objectives associated with the 2015 capital budget are consistent with the Company's long term objectives of delivering disciplined growth in combination with a sustainable dividend while maintaining financial flexibility.

TORC's 2015 capital budget exhibits a measured approach to the current uncertainty in the world oil price environment and reflects a balance between managing long term organic production growth, protecting the Company's strong financial position and sustaining the dividend.

TORC's 2015 capital budget is specifically focused on:

- Investing in high rate of return, lower risk light oil opportunities across the Company's extensive development drilling inventory;
- Improving capital efficiencies through development program cost reductions achieved by pad drilling, rig efficiencies, and drilling and completion advancements;
- Achieving disciplined per share production growth over the long term through an efficient capital program focused on high graded drilling opportunities;
- Directing the pace of the capital program to maintain and ultimately reduce the Company's overall decline rate of 25% during the year; and
- Maintaining TORC's strong financial position and flexibility to take advantage of additional growth opportunities as they arise.

TORC's capital program in 2015 is primarily focused on light oil development projects with the majority of the capital directed to drilling, completions and tie-ins (approximately 85%). The capital program is concentrated on the Company's three primary core areas of the Cardium in central Alberta, Monarch in southern Alberta and southeast Saskatchewan.

2015 Budget Highlights

TORC plans to drill 15 gross (12.8 net) wells across the Company's land position in the Cardium. With more than 290 net undrilled light oil focused development locations identified, the 2015 budget represents approximately 5% of this high quality development drilling inventory. TORC's development plans for the Cardium trend represents approximately 50% of the Company's drilling, completion and tie-in activity in 2015.

At Monarch, TORC's initial plans are to drill 3 gross (3 net) development wells to continue to advance this large emerging resource play. TORC has exposure to over 150 net prospective sections in the Monarch play. Monarch will comprise approximately 20% of the Company's 2015 drilling, completion and tie-in capital budget.

In southeast Saskatchewan, TORC plans to drill 12 (6.0 net) conventional wells representing approximately 5% of the Company's currently identified conventional drilling locations. Southeast Saskatchewan conventional wells are characterized by their lower risk nature and high rates of return driven by their lower capital costs, high netbacks and the favourable royalty regime in Saskatchewan. Southeast Saskatchewan conventional activity will comprise approximately 10% of the Company's 2015 drilling, completion and tie-in capital budget. Also in southeast Saskatchewan, TORC plans to drill 6 (3.5 net) step out and 3 (1.5 net) development wells into the Torquay/Three Forks in 2015 as the Company continues to delineate the land position in this emerging play. Activity in southeast Saskatchewan will comprise approximately 30% of the Company's 2015 drilling, completion and tie-in capital budget.

Production Guidance

TORC anticipates that the 2015 budget will result in 2015 average production of greater than 11,950 boepd (~85% light oil and liquids) with an exit rate of greater than 12,000 boepd (~85% light oil and liquids) representing 7% growth over estimated 2014 average production.

Dividend

TORC's dividend is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. TORC is well positioned to sustain its current dividend of $0.045 per share per month and continue to maintain financial flexibility. TORC is pleased to confirm that the December, 2014 dividend of $0.045 per common share will be paid on January 15, 2015.

Disciplined Budget

TORC is committed to maintain a disciplined approach during the current volatility in the world oil markets. TORC's priorities are to act prudently to protect the financial flexibility of the Corporation while positioning the Company to continue to achieve per share growth over the long term while paying out a sustainable dividend.

TORC's year-end 2014 net debt is estimated to be approximately $245 million on a bank line of $425 million positioning TORC with financial flexibility and a strong balance sheet. With TORC's current dividend policy, the cash dividend requirement is $39 million on an annual basis. Coupled with the $125 million capital program TORC's total cash requirement in 2015 is $164 million. TORC has the operational flexibility to both adjust its current 2015 budget to continue to prudently protect the Company's financial flexibility in a sustained low price environment but also take advantage of an increasing commodity price environment.

TORC believes that in a sustained lower commodity price environment the Company would benefit from a reduction in oilfield service costs resulting in improved capital efficiencies on a go forward basis. These cost reductions and improved capital efficiencies have not yet been taken into account in the 2015 capital program.

Additionally, with TORC's 2015 capital program of $125 million it is expected that the Company's underlying decline profile will improve to approximately 22-23% by the end of 2015 from 25% currently. This decrease in underlying decline profile, in addition to any improved capital efficiencies from oilfield service cost savings, would reduce the amount of maintenance capital required to maintain production.

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

Management addition

TORC is pleased to announce an addition to the management team. Mr. Sandy Brown will be taking on the newly created role of Vice President, Geosciences. Mr. Brown was previously at Apache Canada in senior positions over the past seven years. Prior to Apache, Mr. Brown held the position of Vice President, Exploration with Rock Energy Inc.

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 plays at Monarch in southern Alberta and in the Torquay/Three Forks in southeast Saskatchewan positions TORC to provide a sustainable dividend along with value creation through a disciplined growth strategy.

TORC has the following key operational and financial attributes:

High Netback Production (1)	2014E Exit: greater than 11,900 boepd 2015E Avg: greater than 11,950 boepd 2015E Exit: greater than 12,000 boepd
Reserves (2)	Greater than 53 mmboe (81% light oil & NGLs) Total Proved plus Probable
Cardium Light Oil Development Inventory	~290 net undrilled locations
Emerging Light Oil Resource Exposure	Greater than 150 net sections at Monarch ~ 85 net sections of Torquay/Three Forks exposure
Southeast Saskatchewan Light Oil Development Inventory	~150 net undrilled locations
Sustainability Assumptions	Corporate decline ~25% Light Oil Full Cycle Capital Efficiency ~$40,000/boepd (IP 365)
2015 Capex	$125 million
Annual Dividend (paid monthly)	$0.54 per share $52 million $39 million (net of CPPIB share dividend participation)
Net Debt & Bank Line	Estimated net debt of ~$245 million Bank line of $425 million
Shares Outstanding	96.6 million (basic)
Tax Pools	Greater than $1 billion

Notes:
(1) ~85% light oil & NGLs
(2) 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.

An updated corporate presentation can be found at www.torcoil.com.

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READER ADVISORIES

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 2015 capital budget, strategic objectives, anticipated future operations, dividend increases, financial, operating and production results, including expected 2014 exit production, net debt and debt to cash flow and 2015 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 long term objectives; the Company's expectation of being able to reduce costs and enhance economics; the focus and allocation of TORC's 2015 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 TOC'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, debt, dividend and payout ratio guidance for 2014 and 2015; anticipated CPPIB share dividend participation; 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.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect TORC's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and TORC disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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".

Barrels of Oil Equivalent

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.