TORC Oil & Gas Ltd

PRESS RELEASE

February 5, 2015

TORC OIL & GAS ANNOUNCES STRATEGIC ACQUISITION AND ASSET SWAP IN SOUTHEAST SASKATCHEWAN AND INCREASE TO 2015 PRODUCTION GUIDANCE

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CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX:TOG) is pleased to announce that it has entered into an agreement to acquire light oil assets which are complementary to TORC's existing conventional assets in southeast Saskatchewan. The strategic acquisition (the "Acquisition") includes over 1,550 boepd (94% light oil and liquids) of high quality, low decline, strong netback, light oil producing assets (the "Acquired Assets"). Total consideration for the Acquisition is approximately $128 million, before adjustments, and is payable through the issuance of 16.0 million common shares of TORC (valued at $7.98 per share based on TORC's 20-day volume weighted average trading price prior to the announcement of the Acquisition).

THE ACQUISITION

The Acquisition is consistent with TORC's strategy to capitalize on opportunities to enhance the quality of its asset base throughout the commodity price cycle. The Acquired Assets improve TORC's decline profile, operating netback and light oil drilling inventory. The assets are 94% light oil and liquids and have an average decline rate of approximately 20% providing a dependable free cash flow stream to further strengthen TORC's disciplined growth plus sustainable dividend business model. Additionally, TORC has identified approximately 50 (net) high quality conventional light oil drilling locations on the Acquired Assets which will provide some of the highest relative economic returns in the Western Canadian Sedimentary Basin in all commodity price environments.

The Acquisition has the following characteristics:

Total Transaction Price (1)	$128million
Production (2)	Greater than 1,550 boe/d (~94% oil and liquids)
Total Proved Developed Producing Reserves (3)	2.8 mmboe
Total Proved Reserves (3)	4.4 mmboe
Proved plus Probable Reserves (3)	5.9 mmboe
Average Crude Oil Quality	36 degree API
Seismic	Ownership of >135 sq km of 3D seismic data
Development Locations	50 net undrilled locations
Reserve Life Index (P+P) (2)	~10.5 years
Average Decline Rate	Approximately 20%

1) Based on 20-day VWAP.
2) Based on current field estimate.
3) Gross reserves before deduction of royalties (approximately 93% light oil and liquids). Based on internally evaluated reserves estimates effective November 1, 2014 prepared by a qualified reserves evaluator in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook").

Acquisition Metrics

Production (1)(2)	$82,389/boepd
Total Proved Reserves (1)(3)	$29.21/boe
Proved plus Probable Reserves (1)(3)	$21.56/boe

Notes:

1) Assuming total purchase price for the Acquisition of $128 million.
2) Based on current field estimate.
3) Gross reserves before deduction of royalties. Based on internally evaluated reserves estimates effective November 1, 2014 prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook.

Strategic Rationale

Brett Herman, President and CEO stated, "The Acquisition complements our conventional light oil platform and provides a strong and stable cash flow base further strengthening the sustainability of our business model while the high quality drilling inventory will enhance our capital program for years to come."

The Acquired Assets have been conservatively managed with a long term focus by a private oil and gas company in southeast Saskatchewan that has an operating history of over 40 years. The Acquired Assets have a long established decline profile of approximately 20% further solidifying TORC's underlying production base. With the addition of the Acquired Assets, TORC's decline profile improves to 24% from 25%.

The Acquired Assets are weighted 94% to light oil and liquids providing for a strong operating netback and increasing TORC's light oil and liquids weighting to over 86% from 85%.

TORC has identified approximately 50 (net) top tier conventional light oil development drilling locations on the Acquired Assets. The Acquired Assets have a 90% average working interest and are 99% operated, providing control over the development of the Acquired Assets. The majority of the identified locations are low risk infill locations in established high quality light oil pools which are expected to provide attractive economics even in a lower commodity price environment.

With a low decline profile and high quality inventory, TORC estimates that it can maintain the production from the Acquired Assets by drilling five wells per year. With minimal capital reinvestment required, the Acquired Assets are expected to provide an ongoing positive free cash flow stream with a 10 year high quality drilling inventory.

As the Acquired Assets are being acquired using 100% share consideration, the Acquisition provides additional cash flow without the assumption of any additional debt, further strengthening TORC's financial flexibility and reducing TORC's debt to cash flow ratio.

Acquisition Agreement

In connection with the Acquisition, TORC has entered into the Acquisition Agreement with a number of vendors to acquire all of the issued and outstanding equity interests of certain private companies and a partnership that holds the Acquired Assets. An aggregate of 3.2 million of the 16.0 million TORC common shares to be received by the vendors pursuant to the Acquisition will be released at closing. The remaining 12.8 million TORC common shares will be held in escrow and will be proportionally released in 3.2 million common share increments each 30 day period thereafter, with the last release occurring 120 days following the closing date.

Completion of the Acquisition is subject to certain conditions and the receipt of all required regulatory approvals, including the approval of the TSX and necessary competition approvals. The Acquisition is anticipated to close on or about February 25, 2015.

STRATEGIC SWAP TRANSACTION

TORC is also pleased to announce that it has entered into an unrelated strategic asset swap of common working interests (the "Swap Assets") in the Company's non-operated working interest properties in southeast Saskatchewan (the "Asset Swap"). The Asset Swap involves approximately 500 boepd of production with similar amounts of production and reserves being swapped between parties for no net gain or loss. The Asset Swap further consolidates TORC's assets in southeast Saskatchewan and increases the amount of operated production in the area. The Asset Swap is expected to close in February, 2015.

DISCIPLINED BUDGET

TORC has elected to maintain the previously announced 2015 budget of $125 million. While the capital budget spending amount is unchanged, the capital allocation includes the drilling of a number of high quality locations on the Acquired Assets that are highly economic even in the current oil price environment. The addition of these locations will reduce TORC's overall estimated corporate capital efficiency to approximately $38,000 per boepd from $40,000 per boepd.

Service cost savings experienced early in 2015 range between 5-10%. TORC's 2015 budget currently does not take into account any such anticipated reductions in service costs. Should a low oil price environment persist, substantial unbudgeted service cost reductions would be expected. Of TORC's $125 million capital budget, 25% is expected to be spent in the first quarter with the majority of the remaining capital to be spent in the second half of 2015. In addition, the remaining capital expenditures are fully discretionary providing significant flexibility to the capital program.

With the current volatility of commodity prices, TORC continues to actively monitor 2015 capital expenditure plans in the context of expected cash flow, potential service cost adjustments and portfolio allocation in order to prudently manage TORC's payout ratio and maintain financial flexibility. Following the first quarter, TORC's capital program activity is expected to be minimal until the third quarter, providing time to assess and react to the business environment in the second half of 2015 when the majority of TORC's 2015 capital expenditures are scheduled.

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. The Acquisition is being completed with 100% equity and therefore improves TORC's strong financial flexibility.

TORC currently has an average of 2,600 bbls/d hedged in 2015. A complete list of the Company's hedges can be found in the updated corporate presentation located at www.torcoil.com.

TORC's 2015 capital budget demonstrates 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.

Production Guidance

TORC anticipates that the 2015 budget will now result in 2015 average production of greater than 13,000 boepd (>86% light oil and liquids) with an exit rate of greater than 13,450 boepd (>86% light oil and liquids) representing 16% year over year 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's current dividend policy is $0.045 per share per month. TORC is committed to maintaining a disciplined approach during the current volatility in the world oil markets. TORC's priorities are to act prudently to protect TORC's financial flexibility while positioning the Company to continue to achieve per share growth over the long term while paying out a sustainable dividend.

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.

Pro forma the Acquisition, TORC has the following key operational and financial attributes:

High Netback Production (1)	2014E Exit: greater than 11,900 boepd 2015E Avg: greater than 13,000 boepd 2015E Exit: greater than 13,450 boepd
Reserves (2)	Greater than 59 mmboe (83% light oil & liquids) 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	~190 net undrilled locations
Sustainability Assumptions	Corporate decline ~24% Light Oil Full Cycle Capital Efficiency ~$38,000/boepd (IP 365)
2015 Capital Program	$125 million
Annual Dividend (paid monthly)	$0.54 per share $61 million $46 million (net of 25% share dividend participation)
Net Debt & Bank Line	Estimated year-end net debt of ~$245 million Bank line of $425 million
Shares Outstanding	112.9 million (basic)
Tax Pools	Greater than $1 billion

Notes:

(1) >86% 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 subsequent acquisitions, prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook.

An updated corporate presentation may 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, strategy, business model, objectives, the Acquisition, Asset Swap and the Acquired Assets and other aspects of TORC's anticipated future operationsand financial, operating and drilling and developmentresults, including, expected future production, net debt net debt to cash flow, cash flow, operating netbacks, decline rate and decline profile, product mix, TORC's capital expenditure program, capital efficiencies, commodity prices, targeted growth, tax poolsand operating, 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 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 the Acquired Assets, including the high quality, low-risk, light oil, strong netback, development nature of these assets, the opportunities available to the Company on these assets, the production profiles and decline rates of the Acquired Assets,anticipated reserve life index, the drilling and dcevelopment inventories associated with the Acquired Assets and anticipated economic returns associated with the Acquired Assets; the timing for closing the Acquisition and the Asset Swap;TORC's dividend policy and plans, CPPIB share dividend participation;; 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 the timing of closing the Acquisition and the Asset Swap, 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 atuch 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 "operating 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 operating 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. Operating 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.

Oil and Gas Disclosures

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 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.

Certain information in this news release may constitute "analogous information" as defined in NI 51-101,with respect to the Acquired Assets including, but not limited to, information relating to wells and drilling locations that are in geographical proximity to or believed to be on-trend with other wells and drilling locations to be acquired by the Company pursuant to the Acquisition. Such information has been presented to help demonstrate the basis for the Company's capital expenditure plans with respect to the Acquired Assets. There is no certainty that the results of the analogous information or inferred thereby will be achieved by the Company and such information should not be construed as an estimate of future production levels or the actual characteristics and quality of the Acquired Assets.

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.