TORC Oil & Gas Ltd

PRESS RELEASE

November 8, 2016

TORC OIL & GAS LTD. ANNOUNCES THIRD QUARTER 2016 FINANCIAL & OPERATIONAL RESULTS; INCREASE TO PRODUCTION GUIDANCE AND REDUCTION TO 2016 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 nine months ended September 30, 2016. The associated management's discussion and analysis ("MD&A") and unaudited interim financial statements as at and for the three and nine months ended September 30, 2016 can be found at www.sedar.com and www.torcoil.com.

Highlights	Three months ended			Nine months ended	
(in thousands, except per share data)	**September 30 2016**	June 30 2016	September 30 2015	**September 30 2016**	September 30 2015
Financial					
Funds flow from operations, including transaction related costs (1)	**$31,606**	$27,521	$35,220	**$73,209**	$94,167
Per share basic	**$0.18**	$0.17	$0.22	**$0.44**	$0.74
Per share diluted	**$0.18**	$0.17	$0.22	**$0.44**	$0.73
Funds flow from operations, excluding transaction related costs (1)	**$32,279**	$27,521	$35,220	**$73,882**	$99,022
Per share basic	**$0.19**	$0.17	$0.22	**$0.45**	$0.78
Per share diluted	**$0.19**	$0.17	$0.22	**$0.44**	$0.76
Net loss	**($11,963)**	($15,750)	($52,281)	**($52,973)**	($82,464)
Per share basic	**($0.07)**	($0.10)	($0.33)	**($0.32)**	($0.65)
Per share diluted	**($0.07)**	($0.10)	($0.33)	**($0.32)**	($0.65)
Exploration and development expenditures	**$30,337**	$7,626	$27,198	**$54,411**	$73,895
Property acquisitions, net of dispositions	**$90,462**	$6,029	$8,003	**$94,778**	$585,735
Net debt (2)	**$287,264**	$298,613	$285,681	**$287,264**	$285,681
Cash dividends declared (3)	**$5,288**	$5,019	$13,775	**$18,652**	$36,523
Dividends declared per common share	**$0.060**	$0.060	$0.135	**$0.205**	$0.405
Common shares					
Shares outstanding, end of period	**182,279**	163,349	159,790	**182,279**	159,790
Weighted average shares (basic)	**171,720**	163,015	157,857	**165,634**	127,387
Weighted average shares (diluted)	**173,303**	166,098	159,191	**167,173**	129,624
Operations					
Production					
Crude oil (Bbls per day)	**15,314**	15,255	15,181	**15,301**	12,385
NGL (Bbls per day)	**781**	542	466	**596**	480
Natural gas (Mcf per day)	**15,124**	14,446	12,371	**14,591**	11,240
Barrels of oil equivalent (Boepd, 6:1)	**18,616**	18,205	17,709	**18,329**	14,738
Average realized price					
Crude oil ($ per Bbl)	**$50.63**	$48.44	$50.88	**$44.85**	$53.30
NGL ($ per Bbl)	**$11.23**	$14.69	$12.31	**$13.48**	$17.79
Natural gas ($ per Mcf)	**$2.03**	$1.21	$2.47	**$1.60**	$2.64
Barrels of oil equivalent ($ per Boe, 6:1)	**$43.77**	$41.98	$45.67	**$39.15**	$47.38
Operating netback per Boe (6:1)					
Operating netback (1)	**$21.52**	$19.69	$24.60	**$17.55**	$28.30
Operating netback (prior to hedging) (1)	**$21.52**	$19.69	$21.71	**$17.55**	$23.20

Funds flow netback per Boe (6:1)					
Including transaction related costs (1)	**$18.45**	$16.61	$21.62	**$14.58**	$23.40
Excluding transaction related costs (1)	**$18.84**	$16.61	$21.62	**$14.71**	$24.61
Wells drilled:					
Gross	**12**	3	19	**27**	28
Net	**11.5**	2.0	14.4	**24.8**	22.4
Success (%)	**100**	100	100	**100**	100

(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 nine months ended September 30, 2016. 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) 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.

(3) Cash dividends declared are net of the share dividend program participation.

PRESIDENT'S MESSAGE

The third quarter of 2016 represented the continued steady execution of TORC's business plan. The Company was active in executing capital programs in both southeast Saskatchewan and the Cardium. TORC also successfully integrated the previously announced strategic and complementary acquisition of southeast Saskatchewan assets, which closed on September 1, 2016, further enhancing the Company's decline profile, cash flow netbacks and go forward capital efficiencies.

Operational efficiency improvements and cost reductions across all areas continued to be realized during the third quarter. As a result of these efficiency improvements, TORC now expects the 2016 capital expenditure program to be less than $85 million from the original $90 million capital program while increasing previously guided 2016 production levels.

The Company's key achievements in the third quarter of 2016 included the following:

- Achieved record quarterly production of 18,616 boepd, up from 18,205 boepd in the second quarter of 2016 and 17,709 boepd in the third quarter of 2015;
- Generated cash flow of $32.3 million relative to $27.5 million in the second quarter of 2016 and $35.2 million in the third quarter of 2015;
- Generated cash flow per share of $0.19 as compared to $0.17 in the second quarter of 2016 and $0.22 in the third quarter of 2015;
- Drilled 12 (11.5 net) successful wells in the third quarter of 2016;
- Maintained a diligent focus on cost reductions including capital, operating and administrative initiatives to drive improvements in capital efficiencies and cash costs per boe;
- Paid dividends of $0.06 per share to shareholders;
- During the first three quarters of 2016 the Company generated cash flow of $73.9 million, incurred $54.4 million on capital expenditures and paid cash dividends of $21.5 million for a payout ratio of 103%;
- Completed the acquisition of complementary light oil assets in southeast Saskatchewan. The strategic acquisition included 1,120 boepd (~95% light oil and liquids) of low decline, high netback, light oil producing assets;
- In conjunction with the acquisition, TORC completed an $86 million bought deal public offering and a $25 million private placement with its cornerstone investor, the Canada Pension Plan Investment Board, which both closed on August 16, 2016; and
- At quarter end, the Company had drawn $222 million on the credit facility, with net debt of approximately $287 million. Subsequent to the end of the third quarter, TORC's credit facility was reconfirmed at $400 million as part of the regular semi-annual review process.

OPERATIONAL UPDATE

With the continued success of the 2016 capital program and the Company's solid underlying production profile, TORC achieved record production of 18,616 boepd during the third quarter. TORC spent a total of $30.3 million of exploration and development capital, including drilling 12 (11.5 net) wells with 100% success. Combined with capital spending in the first half of the year, year to date capital spending was $54.4 million which included 27 (24.8 net) wells drilled with 100% success.

SOUTHEAST SASKATCHEWAN

During the third quarter, the Company drilled 9 (8.5 net) wells in southeast Saskatchewan including 6 (5.5 net) conventional wells and 3 (3.0 net) Torquay/Three Forks wells.

TORC has drilled 13 (12.1 net) conventional wells in the first three quarters of 2016 and continues to be successful in realizing cost savings in conventional operations due to both operational efficiencies and reductions in service costs. In addition to realized cost improvements, outperformance of these wells relative to type curves has further enhanced the already attractive capital efficiencies and economics. TORC has identified more than 400 net undrilled conventional locations in southeast Saskatchewan providing years of high quality drilling inventory.

In the first three quarters of 2016 TORC has drilled 7 (6.0 net) southeast Saskatchewan Torquay/Three Forks delineation wells. Based on the Company's encouraging results from this program to date, combined with competitor results in the area, TORC expects to continue to increase capital allocation to the emerging Torquay/Three Forks play in 2017.

CARDIUM

In the third quarter, TORC drilled 3 (3.0 net) Cardium development wells. Combined with the 4 (3.7 net) wells drilled in the first half of the year, TORC has drilled 7 (6.7 net) wells in the first nine months of 2016. Consistent with operations in Saskatchewan, reduced costs of drilling, completing and equipping wells in the Cardium have been realized through operational efficiencies and service cost reductions. Further, continued outperformance of the 2016 drilling program relative to budgeted type curves has further enhanced the realized capital efficiencies in this play during 2016.

With TORC having greater than 95 net light oil sections in the Cardium trend where the Company has identified more than 290 net undrilled locations, TORC has several years of high quality, lower risk drilling locations on a maturing asset to continue to support TORC's disciplined growth plus dividend model.

DIVIDEND

In the third quarter TORC paid dividends totaling $0.06 per share or $10.1 million of which $5.0 million was issued under the Company's Stock Dividend Plan ("SDP"). In the first nine months of 2016 the Company has paid dividends totaling $37.7 million, of which $16.2 million was issued under the Company's SDP.

The Board of Directors has confirmed a dividend of $0.02 per common share to be paid on November 15, 2016 to common shareholders of record on October 31, 2016.

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 $0.02 per share per month and the Company 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.

CAPITAL BUDGET AND PRODUCTION GUIDANCE

TORC's original 2016 $90 million capital budget exhibited a measured approach to the current uncertainty in the world oil price environment and reflected a balance between managing long term organic growth, protecting the Company's strong financial position while sustaining the dividend. With third quarter capital expenditures of $30.3 million, year to date capital expenditures were $54.4 million or 60% of the original $90 million capital budget.

In addition to the improved capital efficiency realizations due to a combination of operational efficiencies and capital cost reductions, TORC's underlying asset base has exhibited a strong underlying decline profile while the 2016 drilling program has outperformed type curve expectations. With the Company's improved operational efficiencies realized to date in 2016, TORC now expects the 2016 capital budget to be less than $85 million while increasing the full year 2016 production guidance to 18,600 boepd from 18,500 boepd (87% light oil and liquids) with exit guidance of 19,600 boepd up from 19,400 boepd.

TORC anticipates announcing its 2017 capital budget and production guidance in mid-December.

TORC has initiated an active commodity hedging program to further protect our core capital spending requirements and dividend policy and currently has an average of 750 bblpd hedged in the fourth quarter and 1,000 bblpd in calendar 2017. The Company will continue to monitor commodity prices in anticipation of the Company's 2017 capital program.

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 and the low risk Cardium development inventory in central Alberta combined with exposure to the emerging light oil resource plays in the Torquay/Three Forks in southeast Saskatchewan, positions TORC to provide a sustainable dividend along with value creation through a disciplined long term focused growth strategy.

TORC has the following key operational and financial attributes:

High Netback Production (1)	2016E Average: 18,600 boepd 2016E Exit: 19,600 boepd
Total Proved plus Probable Reserves (2)	Greater than 96 mmboe (~84% light oil & liquids)
Cardium Light Oil Development Inventory	Greater than 290 net undrilled locations
Southeast Saskatchewan Light Oil Development Inventory	Greater than 400 net undrilled locations
Sustainability Assumptions (3)	Corporate decline ~23% Capital Efficiency ~$22,000/boepd (IP 365)
2016 Capital Program	$85 million
Annual Dividend (paid monthly)	$0.02 per share $44 million $26 million (net of assumed 40% SDP participation)
Net Debt & Bank Debt (4)	$287 million $222 million drawn on a bank line of $400 million
Shares Outstanding	183 million (basic)
Tax Pools	Approximately $1.6 billion

Notes:

(1) ~87% light oil & NGLs.

(2) All reserves information in this press release are gross reserves. The reserve information in the foregoing table is derived (i) in respect of our reserves as at December 31, 2015, from the independent engineering report effective December 31, 2015 prepared by Sproule & Associates Limited ("Sproule") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "TORC Reserve Report"); and (ii) in respect of the reserves associated with the acquired assets (and certain assets acquired pursuant to tuck-in acquisitions completed by TORC in the second quarter of 2016) as at May 31, 2016 based on TORC's internal evaluation prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook. Since the reserves reflected in the above table were estimated as at different dates, they have been generated based on different assumptions in respect of commodity pricing among other metrics. As a result, the presentation of our reserves on a consolidated pro forma basis for the acquisitions would not reflect the actual combined estimated of our reserves and those of the assets acquired at December 31, 2015 and should not necessarily be viewed as predictive of our reserves and future production.

(3) Refers to full cycle capital efficiency which is the all-in corporate capital budget divided by the IP365 of the associated wells. Corporate decline refers to TORC's estimated oil and gas production decline rate in the normal life cycle of a well.

(4) See "Non-GAAP Measures".

For further information please contact:

Brett Herman
President and Chief Executive Officer
TORC Oil & Gas Ltd.
Telephone: (403) 930-4120
Facsimile: (403) 930-4159

Jason J. Zabinsky
Vice President, Finance and Chief Financial Officer
TORC Oil & Gas Ltd.
Telephone: (403) 930-4120
Facsimile: (403) 930-4159

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, focus, objectives and other aspects of TORC's anticipated future operations and financial, operating and drilling and development plans and results, including, expected future production, production mix, reserves, drilling inventory, net debt, operating netbacks, cost savings, operational efficiencies, decline rate and decline profile, capital expenditure program, capital efficiencies, commodity prices, targeted growth, tax pools, operating, drilling and development plans and the timing thereof, expected SDP participation, expectations regarding the future results from the acquired assets, management's view of the characteristics and quality of the opportunities available to the Company, TORC's dividend policy and plans 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 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 press release contains the term "net debt" which does not have a standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable with the calculation of similar measures presented by other issuers. 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. Management utilizes net debt as a key measure to assess the leverage and liquidity of TORC.

Oil and Gas Advisories

The reserves information contained in this press release are based on the TORC Reserve Report and in respect of the reserves associated with the acquired assets (and certain assets acquired pursuant to tuck-in acquisitions completed by TORC in the second quarter of 2016) as at May 31, 2016 based on TORC's internal evaluation prepared by a member of TORC's management who is a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook. Such estimates are based on values that TORC's management believes to be reasonable and are subject to the same limitations discussed above under "Forward-Looking Statements".

This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the TORC Reserve Report and in respect of the reserves associated with the acquired assets (and certain assets acquired pursuant to tuck-in acquisitions completed by TORC in the second quarter of 2016) *as at May 31, 2016 based on TORC's internal evaluation prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our 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. Of the 690 total net drilling locations identified within TORC's Cardium light oil development inventory and pro forma southeast Saskatchewan light oil development inventory, 208 are net proved locations, 74 are net probable locations and 408 are net unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled, there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management 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.*

Boe means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's 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, 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, using a conversion on a 6: 1 basis may be misleading as an indication of value.