PRESS RELEASE

December 14, 2016

TORC OIL & GAS LTD. ANNOUNCES 2017 CAPITAL BUDGET AND PRODUCTION GUIDANCE; CONFIRMS DECEMBER DIVIDEND

CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce the Company's Board of Directors has approved a 2017 capital budget of $130 million. TORC's strategic objectives associated with the 2017 capital budget are consistent with the Company's long term objectives of delivering disciplined per share growth in combination with maintaining financial flexibility while providing a sustainable dividend over the long term.

TORC's 2017 capital budget is specifically focused on:

- Investing in higher rate of return, lower risk light oil opportunities across the Company's extensive development drilling inventory;
- Achieving per share production growth and maximizing free cash flow through an efficient capital program focused on high graded drilling opportunities;
- Maintaining the Company's decline profile;
- Directing the pace of the capital program to maintain spending flexibility throughout 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 2017 is focused on light oil development projects, with the majority of the capital directed to drilling, completions and tie-ins (approximately 80%) with the remainder allocated to operational and facility optimization to maximize production efficiency. The capital program is concentrated on the Company's primary core areas in southeast Saskatchewan, focused on both conventional opportunities and the Torquay/Three Forks play, as well as the Cardium play in central Alberta.

2017 BUDGET HIGHLIGHTS

<u>SOUTHEAST SASKATCHEWAN</u>

In southeast Saskatchewan, TORC plans to drill 38 (31.5 net) conventional wells. With more than 400 net undrilled conventional locations identified, the 2017 budget represents less than 10% of TORC's currently identified locations. These locations are characterized by their lower risk nature and high rates of return driven by their lower capital costs, high netbacks and the attractive royalty regime in Saskatchewan. Southeast Saskatchewan conventional activity will comprise approximately 35% of the Company's 2017 drilling, completion and tie-in capital budget.

In addition to the conventional program in southeast Saskatchewan, TORC has been active on the emerging Torquay/Three Forks light oil resource play. During 2016, TORC executed on a development program drilling 8 (7.0 net) successful wells in the play. Based on the Company's encouraging results from this program, combined with competitor results in the area, TORC will continue to increase capital allocation to this resource play with plans to drill 15 (12.5 net) development and delineation wells during 2017.

During 2016, TORC has been successful in reducing the all in costs of the Torquay/Three Forks wells from $3.2 million at the beginning of the year, to below $2.8 million currently, primarily through improving operational efficiencies. These capital cost reductions combined with the high netback nature of the Torquay/Three Forks play are anticipated to drive attractive economics going forward.

TORC has initially identified 150 net Torquay/Three Forks development locations on its land base. These locations, in addition to the more than 400 net conventional locations identified by TORC provide an inventory of more than 550 undrilled locations in southeast Saskatchewan for future drilling opportunities.

The Torquay/Three Forks activity in southeast Saskatchewan will comprise approximately 35% of the 2017 drilling, completion and tie-in capital budget. When combined with the conventional program, southeast Saskatchewan represents approximately 70% of the overall drilling, completion and tie-in capital budget.

CARDIUM

TORC plans to drill 12 gross (10.7 net) wells across the Company's land position in the Cardium. With more than 290 net undrilled light oil focused development locations identified, the 2017 budget represents less than 4% of TORC's currently identified Cardium development drilling inventory. TORC's development plans for the Cardium represents approximately 30% of the drilling, completion and tie-in activity in 2017.

PRODUCTION GUIDANCE

The Company remains positioned to achieve the previously announced 2016 exit guidance of 19,600 boepd while maintaining a corporate decline profile of approximately 23%. TORC anticipates that the $130 million 2017 capital budget will result in 2017 average production of 19,900 boepd (87% liquids) and exit production of 20,600 boepd (87% light oil and liquids) while continuing to maintain a decline profile of approximately 23%.

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 a current dividend of $0.02 per share per month and will continue to monitor and review realized commodity prices, capital efficiencies and cash costs on a timely basis to maintain financial flexibility and long term sustainability.

TORC is pleased to confirm that the December, 2016 dividend of $0.02 per common share will be paid on January 16, 2017.

Beginning with the January 2017 dividend which is paid to be paid in February 2017, TORC will eliminate the discount associated with the Company's Share Dividend Plan ("SDP").

The Canadian Pension Plan Investment Board ("CPPIB"), a strategic investor in TORC, continues to be fully committed to the SDP with its entire 25% ownership position.

DISCIPLINED BUDGET

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 2016 net debt is estimated to be approximately $285 million with less than $220 million drawn on a bank line of $400 million, positioning TORC with financial flexibility and a strong balance sheet.

TORC has budgeted for a modest increase to service costs due to increasing industry activity levels. TORC has initiated an active commodity hedging program to further protect our core capital spending requirements and dividend policy and currently has 2,000 bblpd hedged in calendar 2017.

Consistent with previous capital expenditure programs, TORC's 2017 capital budget is weighted to the second half of the year, with approximately 35% of the expenditures planned in the first half of 2017 and 65% planned during the second half.

This spending profile provides the Company the operational flexibility to adjust its current 2017 budget to continue to prudently protect the Company's financial flexibility but also take advantage of an increasing commodity price environment.

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 light oil resource play 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 Exit: 19,600 boepd 2017E Average: 19,900 boepd 2017E Exit: 20,600 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 conventional locations Greater than 150 net Torquay/Three Forks locations
Sustainability Assumptions [(3)]	Corporate decline ~23% Capital Efficiency ~$24,000/boepd (IP 365)
2017 Capital Program	$130 million
Annual Dividend (paid monthly)	$0.02 per share $44 million $26 million (net of assumed 40% SDP participation)
Net Debt & Bank Debt [(4)]	$285 million Less than $220 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 840 total net drilling locations identified within TORC's Cardium light oil development inventory and southeast Saskatchewan light oil development inventory, 213 are net proved locations, 83 are net probable locations and 544 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.