PRESS RELEASE

March 2, 2017

TORC OIL & GAS LTD. ANNOUNCES 2016 FOURTH QUARTER AND YEAR-END FINANCIAL & OPERATING RESULTS AND 2016 YEAR-END RESERVES

CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce financial and operating results for the three month periods and years ended December 31, 2016 and 2015 and to provide 2016 year-end reserves information as evaluated by Sproule Associates Limited ("Sproule").

The associated Management's Discussion and Analysis ("MD&A") dated March 1, 2017 and audited financial statements as at and for the year ended December 31, 2016 can be found at www.sedar.com and www.torcoil.com.

Highlights	Three months ended			Year ended	
(in thousands, except per share data)	**December 31 2016**	September 30 2016	December 31 2015	**December 31 2016**	December 31 2015
Financial					
Adjusted funds flow from operations, including transaction related costs [1]	**$51,255**	$31,606	$33,961	**$124,464**	$128,128
Per share basic	**$0.28**	$0.18	$0.21	**$0.73**	$0.94
Per share diluted	**$0.28**	$0.18	$0.21	**$0.73**	$0.93
Adjusted funds flow from operations, excluding transaction related costs [1]	**$51,255**	$32,279	$33,961	**$125,137**	$132,983
Per share basic	**$0.28**	$0.19	$0.21	**$0.74**	$0.98
Per share diluted	**$0.28**	$0.19	$0.21	**$0.73**	$0.96
Net income (loss)	**$2,530**	($11,963)	($89,590)	**($50,443)**	($172,655)
Per share basic	**$0.01**	($0.07)	($0.56)	**($0.30)**	($1.27)
Per share diluted	**$0.01**	($0.07)	($0.56)	**($0.30)**	($1.27)
Exploration and development expenditures	**$27,934**	$30,337	$25,383	**$82,345**	$99,278
Property acquisitions, net of dispositions	**$212**	$90,462	$4,863	**$94,990**	$590,598
Net debt [2]	**$270,900**	$287,264	$297,080	**$270,900**	$297,080
Cash dividends declared [3]	**$5,296**	$5,288	$13,994	**$23,948**	$50,517
Dividends declared per common share	**$0.060**	$0.060	$0.135	**$0.265**	$0.540
Common shares					
Shares outstanding, end of period	**183,099**	182,279	161,242	**183,099**	161,242
Weighted average shares (basic)	**182,698**	171,720	160,472	**169,923**	135,727
Weighted average shares (diluted)	**184,416**	173,303	162,124	**171,605**	137,836
Operations					
Production					
Crude oil (Bbls per day)	**16,440**	15,314	15,641	**15,588**	13,206
NGL (Bbls per day)	**640**	781	447	**607**	472
Natural gas (Mcf per day)	**15,245**	15,124	12,118	**14,755**	11,461
Barrels of oil equivalent (Boepd, 6:1)	**19,621**	18,616	18,108	**18,654**	15,588
Average realized price					
Crude oil ($ per Bbl)	**$56.42**	$50.63	$47.84	**$47.92**	$51.67
NGL ($ per Bbl)	**$21.46**	$11.23	$15.36	**$15.60**	$17.21
Natural gas ($ per Mcf)	**$2.68**	$2.03	$2.21	**$1.88**	$2.52
Barrels of oil equivalent ($ per Boe, 6:1)	**$50.05**	$43.77	$43.18	**$42.04**	$46.15

Operating netback per Boe (6:1)					
Operating netback (1)	**$30.93**	$21.52	$23.26	**$21.10**	$26.82
Operating netback (prior to hedging) (1)	**$30.95**	$21.52	$19.99	**$21.11**	$22.26
Adjusted funds flow netback per Boe (6:1)					
Including transaction related costs (1)	**$28.39**	$18.45	$20.39	**$18.23**	$22.52
Excluding transaction related costs (1)	**$28.39**	$18.84	$20.39	**$18.33**	$23.37
Wells drilled:					
Gross	**12**	12	8	**39**	36
Net	**10.9**	11.5	7.4	**35.7**	29.8
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 months and year ended December 31, 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

TORC consistently focuses on the Company's strategic objectives of delivering disciplined growth in combination with maintaining financial flexibility and delivering a sustainable dividend over the long term. 2016 was another successful year in executing this strategy for shareholders.

Consistent with the Company's philosophy, TORC maintains a measured and disciplined approach to prudently managing production levels along with the corporate decline profile, capital expenditures, dividend payments and the balance sheet to operate within cash flow to secure the long term sustainability of the business model.

TORC achieved several strategic objectives during 2016. Through the effective execution of the Company's capital expenditure program, TORC was successful in maintaining production levels and maximizing free cash flow in southeast Saskatchewan while further delineating the Torquay/Three Forks light oil resource play. In central Alberta, the Company continued advancing the Cardium play into a core asset built to generate free cash flow.

In addition to achieving organic growth inside a reduced capital budget, TORC completed a complementary light oil asset acquisition in the Company's southeast Saskatchewan core area in 2016. The strategic acquisition included 1,120 boepd (~98% light oil) of operated, low decline, high netback light oil producing assets, adding to the Company's significant position in southeast Saskatchewan. The Company also executed numerous tuck-in acquisitions to further increase the Company's drilling inventory. In aggregate, these strategic transactions improved the Company's decline profile, strengthened TORC's operating netback and added high quality light oil drilling inventory.

TORC continues to focus on long term initiatives to preserve financial flexibility and drive capital and operational efficiencies while also remaining proactive on acquisition opportunities to enhance the Company's asset base.

HIGHLIGHTS

The Company's achievements in the fourth quarter and year ended 2016 include the following:

- Achieved record production of 19,621 boepd in the fourth quarter of 2016, an 8% increase from 18,108 boepd in the fourth quarter of 2015 representing TORC's 18th consecutive quarter of production growth;
- Average production increased 20% to 18,654 boepd in 2016, up from 15,588 boepd in 2015;
- Production growth was achieved while maintaining the Company's decline rate at approximately 23%;
- Organic production growth was accomplished while reducing the Company's capital expenditure budget from $90 million to $82 million;
- Successfully drilled 12 (10.9 net) wells in the fourth quarter; in 2016, the Company drilled 39 (35.7 net) successful wells;
- Generated cash flow of $51 million in the fourth quarter and $125 million for 2016;

- Cash flow per share was $0.28 per share in the fourth quarter and $0.74 per share for 2016 relative to $0.21 in the fourth quarter of 2015 and $0.98 in 2015;
- Paid dividends of $0.06 per share in the fourth quarter; paid dividends of $0.29 per share in 2016;
- Achieved a payout ratio of 88% while organically growing production;
- Exited 2016 with a strong balance sheet with net debt of $271 million ($219 million drawn on an available credit facility of $400 million) down from $297 million at year-end 2015;
- Increased the Company's high quality light oil development drilling inventory through organic delineation and strategic acquisitions;
- Increased the Company's southeast Saskatchewan footprint through strategic acquisitions adding over 1,120 boepd (98% light oil), improving the corporate decline profile, operating netbacks and light oil drilling inventory;
- Proved Developed Producing reserves increased to 40.9 mmboe from 38.1 mmboe at year-end 2016, representing growth of 7%;
- Proved reserves increased to 64.4 mmboe from 59.9 mmboe at year-end 2016, representing growth of 8%;
- Proved plus Probable reserves increased to 99.6 mmboe from 90.5 mmboe at year-end 2016, representing growth of 10%;
- Proved plus probable reserve life index increased from 13.7 years to 13.9 years at year-end 2016; and
- Generated a Proved plus Probable reserve replacement ratio on production of approximately 135%, excluding the effects of acquisitions.

TORC demonstrated cost effective reserves growth while focusing on a combination of development drilling along with the continued strategic delineation of the Company's asset base. In 2016, TORC's capital spending was focused on development operations in the southeast Saskatchewan conventional core area while also further delineating and developing the Torquay/Three Forks resource play in southeast Saskatchewan and the Cardium play in Alberta. TORC's capital spending program in 2016 resulted in the following:

- Proved plus probable F&D (including future development costs) of $15.40/boe resulting in a recycle ratio of 1.4x (2016 operating netback); and
- Proved plus Probable FD&A (including future development costs) of $16.65/boe resulting in a recycle ratio of 1.3x (2016 operating netback).

RESERVES

In this press release, all references to reserves are to gross Company reserves, meaning TORC's working interest reserves before deductions of royalties and before consideration of TORC's royalty interests. The reserves were evaluated by Sproule in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") effective December 31, 2016. TORC's annual information form for the year ended December 31, 2016 (the "AIF") will contain TORC's reserves data and other oil and natural gas information as mandated by NI 51-101. TORC expects to file the AIF on SEDAR by March 31, 2017.

The following tables are a summary of TORC's petroleum and natural gas reserves, as evaluated by Sproule, effective December 31, 2016, using Sproule's forecast prices and costs. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of our crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. It is important to note that the recovery and reserves estimates provided herein are estimates only. Actual reserves may be greater or less than the estimates provided herein. Reserves information may not add due to rounding.

Reserves Summary

	Light and Medium Crude Oil (mbbl)	**Conventional Natural Gas** (mmcf)	**NGLs** (mbbl)	**Total Oil Equivalent** (mboe)
Proved				
Developed Producing	32,852	35,354	2,115	40,859
Developed Non-Producing	1,132	2,192	112	1,609
Undeveloped	16,663	25,096	1,060	21,905
Total Proved	50,646	62,641	3,286	64,373

Probable	27,073	38,111	1,777	35,202
Total Proved plus Probable	77,719	100,753	5,063	99,574

Net Present Value of Future Net Revenue

	Before Future Income Tax Expenses and Discounted at				
	0% ($mm)	5% ($mm)	10% ($mm)	15% ($mm)	20% ($mm)
Proved					
Developed Producing	1,219.0	969.0	803.0	688.0	604.0
Developed Non-Producing	36.4	28.7	23.2	19.2	16.1
Undeveloped	502.6	343.2	241.0	172.5	125.0
Total Proved	1,758.0	1,341.0	1,067.0	879.4	745.0
Probable	1,190.0	725.3	492.0	358.4	274.5
Total Proved plus Probable	2,948.0	2,066.2	1,559.0	1,238.0	1,019.4

Future Development Costs

	Proved Reserves ($mm)	**Proved Plus Probable Reserves** ($mm)
2017	109.7	150.8
2018	127.2	173.4
2019	132.0	183.7
2020	39.5	109.7
Total Undiscounted	408.6	617.7

Capital Expenditures and Finding, Development, and Acquisition Costs

		Reserves Additions			F&D and FD&A		
Excluding Change in Future Development Costs	**Capital Expenditures** ($mm)	**Proved Developed Producing** (mmboe)	**Total Proved** (mmboe)	**Proved Plus Probable** (mmboe)	**Proved Developed Producing** ($/boe)	**Total Proved** ($/boe)	**Proved Plus Probable** ($/boe)
Exploration & Development[(1)]	76.2	5.7	6.2	8.9	13.29	12.39	8.59
Acquisitions (net)[(2)]	101.1	3.8	5.2	7.0	26.58	19.57	14.36
Total	177.3	9.5	11.3	15.9	18.59	15.67	11.14

	Capital Expenditures		Reserves Additions		F&D and FD&A	
Including Change in Future Development Costs	**Total Proved** ($mm)	**Proved Plus Probable** ($mm)	**Total Proved** (mmboe)	**Proved Plus Probable** (mmboe)	**Total Proved** ($/boe)	**Proved Plus Probable** ($/boe)
Exploration & Development[(1)]	110.7	136.6	6.2	8.9	18.00	15.40
Acquisitions (net)[(2)]	124.2	128.4	5.2	7.0	24.04	18.23
Total	234.9	265.0	11.3	15.9	20.75	16.65

1. Excludes Capitalized G&A of $4.1mm; excludes capital of $6.1mm spent on acquired properties.

2. Includes $6.1mm of capital spent on acquired properties from the date of acquisition to period end.

Net Asset Value per Share as at December 31, 2016

($millions except share and per share amounts)	
Proved Plus Probable Reserve Value NPV10 BT	1,559
Undeveloped Land and Seismic [(1)]	118
Net Debt	(271)
Total Net Assets (basic)	1,405
Basic Common Share Outstanding (mm)	183.1
Estimated NAV per Basic Common Share	$7.68

1. Includes management estimates of $91.2mm of the value of approximately 350,000 net acres of undeveloped land and $26.3mm to seismic.

OPERATIONAL UPDATE

Operational improvements and cost reductions across all areas of TORC's asset base continued during 2016 with significant capital savings realized. These efficiencies, as well as the outperformance of the Company's asset base, enabled the Company to reduce capital spending to $82 million from the original capital budget of $90 million while still outperforming production guidance. The 2016 capital program was comprised of drilling a combination of wells in TORC's southeast Saskatchewan conventional light oil plays with further delineation and development drilling in the Torquay/Three Forks play and in the Cardium trend in Alberta.

Operating and transportation costs of $11.67 per boe in the quarter were 20% lower than our forecasted $14.50 per boe, which resulted in high operating netbacks and consequently higher operating cash flow. The lower than anticipated operating and transportation costs were mainly due to prior period adjustments on acquired properties. TORC was able to reduce the cost structure on acquired assets through effective integration but initially took a more conservative approach to forecasts on the acquired properties until the reduction in cost structure was realized. Go forward operating and transportation costs are expected to be approximately $14.00 per boe, down from the previous forecast of approximately $14.50 per boe.

SOUTHEAST SASKATCHEWAN

TORC's southeast Saskatchewan conventional assets are characterized by their lower risk nature and high rates of return driven by lower capital costs, high operating netbacks and an attractive royalty regime in Saskatchewan. With a long term production decline profile of less than 20% and high operating netbacks, the southeast Saskatchewan conventional assets yield significant free cash flow.

TORC drilled 21 (19.0 net) southeast Saskatchewan conventional wells in 2016, with 8 (6.9 net) wells drilled in the fourth quarter. In 2016, TORC was successful in reducing drilling, completion and equipping costs on conventional wells through both operational efficiencies and reductions in oilfield service costs. This decrease in costs further improved the economics of TORC's conventional asset base and contributed to TORC successfully exceeding original production guidance while spending less capital than budgeted for the year. In addition to the realized cost improvements, outperformance of wells relative to expectations further enhanced the already attractive capital efficiencies and economics.

TORC has identified more than 400 net undrilled conventional locations in southeast Saskatchewan providing numerous years of high quality drilling inventory. In 2017, TORC plans to drill 38 (31.5 net) conventional wells. The focus on TORC's southeast Saskatchewan conventional properties is to maintain a flat production profile and maximize free cash flow from the assets.

Also in southeast Saskatchewan, TORC drilled 8 (7.0 net) wells in the Torquay/Three Forks geological zone in 2016, with 1 (1.0 net) drilled in the fourth quarter. Over the past year, TORC has reduced well costs in the Torquay/Three Forks by 10-15% primarily through operational efficiencies while growing production in this play. Including the 2016 capital program, TORC has drilled a total of 22 (16.5 net) wells to delineate and test the Torquay/Three Forks concept on the Company's prospective acreage over the last three years.

Based on the encouraging results to date, TORC has increased the Torquay/Three Forks capital allocation in 2017 with plans to drill 15 (12.5 net) wells. In addition to the encouraging production profiles, the high netback nature of the Torquay/Three Forks play improves TORC's already high netback production with each well drilled. TORC has currently identified more than 150 net development locations on this light oil resource play.

CARDIUM

TORC has greater than 95 net light oil sections in the Cardium trend where the Company has identified more than 290 net undrilled locations. During 2016, the Cardium continued to deliver solid results in this established light oil resource play. TORC drilled a total of 10 (9.7 net) Cardium wells which includes drilling 3 (3.0 net) Cardium wells in the fourth quarter. Consistent with operations in Saskatchewan, costs of drilling, completing and equipping wells in the Cardium have been reduced through operational efficiencies and oilfield service cost reductions.

These cost reductions coupled with the outperformance of the Cardium drilling program relative to budgeted expectations continued to enhance the realized capital efficiencies in the play during 2016. In addition, the underlying base production continues to mature, resulting in TORC's decline profile in the Cardium to be currently less than 25% and continuing to improve.

In 2017, TORC plans to drill 12 gross (10.7 net) wells across the Company's land position in the Cardium.

CAPITAL PROGRAM AND PRODUCTION GUIDANCE

TORC's $130 million capital expenditure budget for 2017 is consistent with the Company's long term strategic objectives of delivering disciplined per share growth in combination with maintaining financial flexibility while providing a sustainable dividend. The focus of the 2017 program is to provide 5-7% production per share growth while managing an all-in payout ratio below 100% and maintaining the Company's decline profile.

TORC continuously focuses on initiatives to preserve financial flexibility and improve capital efficiencies and operating costs. Significant oilfield service cost savings were achieved in 2015 and 2016. TORC has budgeted for a modest increase in service costs due to increasing industry activity with budgeted full cycle capital efficiencies of $24,000 per boepd in 2017, up from 2016 budget levels of $22,000 per boepd. Although service costs are anticipated to increase, TORC will continue to focus on operational efficiencies with a goal of achieving results that exceed budget expectations.

The 2017 capital program remains concentrated on the Company's primary core area in southeast Saskatchewan, focused on both conventional opportunities and the Torquay/Three Forks play, as well as the Cardium play in central Alberta. The Company remains well positioned to achieve the previously announced 2017 average and exit production guidance of approximately 19,900 boepd and 20,600 boepd respectively, while maintaining a corporate decline profile of approximately 23%, which is essential to the ongoing sustainability of TORC's long term growth model.

TORC has the operational flexibility to adjust the current 2017 budget depending on the prevailing commodity price environment. Based on current commodity prices and budgeted cost structure, TORC is expected to achieve significant free cash flow in 2017 after organically growing production 5-7% and paying the current dividend. This free cash flow positions the Company to take advantage of opportunities as they arise to potentially drive additional production growth as well as enhance the Company's drilling inventory.

DIVIDEND

TORC's dividend is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. TORC paid dividends of $0.29 per share in 2016, of which $0.06 was paid in the fourth quarter of 2016.

In early 2016, as a result of the volatility and uncertainty in commodity prices, TORC right-sized the dividend from $0.045 per month to $0.02 per month to ensure financial flexibility was protected.

During 2016, TORC declared dividends of $45 million of which $21 million was paid under the share dividend program (SDP). Beginning in January 2017, TORC eliminated the discount associated with the SDP.

The Board of Directors has confirmed a dividend of $0.02 per common share will be paid on March 15, 2017 to shareholders of record on February 28, 2017.

OUTLOOK

TORC has built a sustainable growth platform of light oil focused assets and continues to enhance this platform. 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 value creation through a disciplined long term focused growth strategy with a sustainable dividend.

TORC has the following key operational and financial attributes:

High Netback Production [1]	2017E Average: 19,900 boepd 2017E Exit: 20,600 boepd

Total Proved plus Probable Reserves (2)	Greater than 99.5 mmboe (~83% 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 per 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)	$271 million $219 million drawn on a bank line of $400 million
Shares Outstanding	183.1 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 from the independent engineering report effective December 31, 2016 prepared by Sproule & Associates Limited ("Sproule") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "TORC Reserve Report”.
(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".

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, 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, cash flow, operating netbacks, decline rate and decline profile, product mix, capital expenditure program, capital efficiencies, commodity prices, tax pools and targeted growth. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: anticipated cost savings and operational efficiencies; anticipated capital cost reductions; the focus and allocation of TORC's 2017 capital budget; anticipated average and exit production rates, available free cash flow, 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 document contains the terms "adjusted funds flow from operations, including transaction related costs", "adjusted funds flow from operations, excluding transaction costs", "net debt" , "operating netback", "operating netback (prior to hedging"), "adjusted funds flow netback, including transaction related costs" and "adjusted funds flow netback, excluding transaction related costs" which are defined in the Company's Management's Discussion and Analysis ("the MD&A") for the three months and year ended December 31, 2016. Management uses these financial measures to analyze operating performance and leverage. These measures do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures for other companies.

This press release also contains the terms "free cash flow", "net debt", "net debt to fourth quarter run rate cash flow", and "payout ratio"., which do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. TORC uses free cash flow and net debt to analyze financial, operating performance, and liquidity and leverage. 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. Free cash flow and net debt 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. Free cash flows are calculated as cash flows from operating activities less changes in non-cash working capital. Net debt is calculated as bank debt plus working capital deficiency or minus working capital surplus (adjusted for fair value of financial instruments and the current portion of decommissioning obligation). TORC calculates cash flow per share using the same method and shares outstanding that are used in the determination of earnings per share. Payout ratio is a non-GAAP measure and is calculated as cash dividends plus development capital, divided by funds flow. The Company considers this to be a key measure of sustainability.

Oil and Gas Disclosures

Our oil and gas reserves statement for the year ended December 31, 2016, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, will be contained within our Annual Information Form which will be 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.

This press release contains metrics commonly used in the oil and natural gas industry, such as "recycle ratio", "finding and development costs" or "F&D", "finding, development and acquisition costs" or "FD&A", "reserve replacement ratio", "reserve life index", "operating netbacks", "reserves replacement", "net asset value" and "reserve life index". These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon.

Both F&D and FD&A costs take into account reserves revisions during the year on a per boe basis. The aggregate of the costs incurred in the financial year and changes during that year in estimated F&D may not reflect total F&D related to reserves additions for that year. Finding and development costs both including and excluding acquisitions and dispositions have been presented in this press release because acquisitions and dispositions can have a significant impact on our ongoing reserves replacement costs and excluding these amounts could result in an inaccurate portrayal of our cost structure. Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare TORC's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

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.

This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the reserves evaluation prepared by Sproule as of December 31, 2016 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on TORC's 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. Of the 840 drilling locations identified herein, 245 are proved locations, 92 are probable locations and 503 are 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 TORC will drill all unbooked drilling locations and, if drilled, there is no certainty that such locations will result in additional oil and gas reserves 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 derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of 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 or production.