TORC OIL & GAS LTD.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2012

Dated March 28, 2013

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DEFINITIONS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this Annual Information Form. Certain other terms and abbreviations used herein, but not defined herein, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AcquisitionCo**" means 1688763 Alberta Ltd., a company incorporated under the ABCA as a wholly owned subsidiary of Vero;

"**AIF**" means this Annual Information Form;

"**Arrangement**" means the plan of arrangement under the provisions of section 193 of the ABCA and pursuant to the Plan of Arrangement which was completed on November 19, 2012 and which resulted in the amalgamation of Vero, AcquisitionCo and Old TORC to create TORC;

"**Arrangement Agreement**" means the arrangement agreement dated as of September 12, 2012, as amended, between Vero and Old TORC;

"**Arrangement Financing**" means the bought private placement of (i) 30,800,000 Old TORC Subscription Receipts at a subscription price of $2.60 for aggregate gross proceeds of $80,080,000; and (ii) 12,910,000 Old TORC Flow-Through Receipts at a subscription price of $3.10 for aggregate gross proceeds of $40,021,000 which closed on October 4, 2012. In connection with the completion of the Arrangement: (i) the Old TORC Subscription Receipts and the Old TORC Flow-Through Receipts were converted and exchanged into TORC Shares at the Exchange Ratio; and (ii) the aggregate gross proceeds of the Arrangement Financing were released from escrow, in each instance in accordance with the terms of the Subscription Receipts Agreement;

"**Board of Directors**" or "**Board**" means the board of directors of TORC;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Common Shares**" means the common shares of TORC;

"**Exchange Ratio**" means the ratio of Common Shares ultimately received by the holders of Old TORC Shares pursuant to the Arrangement, being 0.87 Common Shares for each Old TORC Share held;

"**Lead Underwriter**" means Macquarie Capital Markets Canada Ltd.;

"**NI 51-101**" means National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities;

"**Old TORC**" means TORC Oil & Gas Ltd. prior to completion of the Arrangement;

"**Old TORC Flow-Through Receipt**" means the non-transferable subscription receipts of Old TORC entitling the holder to receive one Old TORC Share issued on a flow-through basis under the *Income Tax Act* (Canada) and issued pursuant to the Subscription Receipts Agreement;

"**Old TORC Incentive Shares**" means the outstanding entitlements of Old TORC, as adjusted in accordance with the Exchange Ratio pursuant to the Arrangement, for the issuance of Common Shares which have been granted to certain directors, officers and employees of, and consultants to, TORC;

“**Old TORC Options**” means the outstanding options of Old TORC, whether vested or not, as adjusted in accordance with the Exchange Ratio pursuant to the Arrangement, to purchase Common Shares issued to directors, officers and employees of TORC;

“**Old TORC Receipts**” means the Old TORC Subscription Receipts and the Old TORC Flow-Through Receipts;

“**Old TORC Shares**” means the Class “A” common shares of Old TORC;

“**Old TORC Subscription Receipts**” means the non-transferable subscription receipts of Old TORC entitling the holder to receive one Old TORC Share and issued pursuant to the Subscription Receipts Agreement;

“**Old TORC Warrants**” means the share purchase warrants of Old TORC, as adjusted in accordance with the Exchange Ratio pursuant to the Arrangement, entitling the holders thereof to acquire one Common Share at a price of $1.44 per Common Share until December 17, 2015, subject to the Unit Escrow Agreement. The Old TORC Warrants are exercisable at any time after their grant date subject to the following conditions: (i) 1/3 are exercisable after the weighted average market price per Common Share for 20 consecutive trading days exceeds $2.30 per Common Share; (ii) 1/3 are exercisable after the weighted average market price per Common Share for 20 consecutive trading days exceeds $2.87 per Common Share; and (iii) 1/3 are exercisable after the weighted average market price per Common Share for 20 consecutive trading days exceeds $3.45 per Common Share;

“**Plan of Arrangement**” means the plan of arrangement, as amended on September 27, 2012, annexed to the Arrangement Agreement as Exhibit 1;

"**Sproule**" means Sproule Associates Limited, a privately owned professional petroleum consulting company, comprised of professional petroleum geologists, geophysicists and engineers, who have been evaluating conventional and unconventional oil and natural gas assets domestically and internationally since 1951;

"**Sproule Report**" means the independent engineering report dated March 6, 2013 and effective December 31, 2012 prepared by Sproule evaluating the oil, NGL and natural gas reserves attributable to the properties of TORC;

“**Subscription Receipts Agreement**” means the subscription receipts agreement among Old TORC, the Lead Underwriter and Olympia Trust Company dated October 4, 2012;

"**TORC**" or the "**Corporation**" means TORC Oil & Gas Inc.;

“**TORC Option Plan**” means the stock option plan of Vero;

“**TORC DCU Plan**” means the cash-based directors compensation plan of Vero;

"**TSX**" means the Toronto Stock Exchange;

“**Underwriters**” means the Lead Underwriter, BMO Nesbitt Burns Inc., Canaccord Genuity Corp., CIBC World Markets Inc., Cormark Securities Inc., Dundee Securities Ltd., FirstEnergy Capital Corp., GMP Securities L.P., National Bank Financial Inc., Peters & Co. Limited, Raymond James Ltd, RBC Dominion Securities Inc., TD Securities Inc.

“**Underwriting Agreement**” means the underwriting agreement among Old TORC and the Underwriters dated October 4, 2012 in respect of the Arrangement Financing;

“**Unit Escrow Agreement**” means the escrow agreement among Old TORC, Olympia Trust Company and the subscribers for Old TORC Units dated December 16, 2010;

“**Vero**” means Vero Energy Inc.; and

“**Vero Shares**” means common shares of Vero.

ABBREVIATIONS AND CONVERSION

In this Annual Information Form, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		Natural Gas	
bbl	barrel	Mcf	thousand cubic feet
bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	Mcf/d	thousand cubic feet per day
MMbbls	million barrels	MMcf/d	million cubic feet per day
Mstb	1,000 stock tank barrels	MMBtu	million British Thermal Units
Bbl/d	barrels per day	Bcf	billion cubic feet
NGLs	natural gas liquids	GJ	gigajoule
stb	stock tank barrel		

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.293
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.50
Gigajoules	MMbtu	0.950
MMbtu	Gigajoules	1.0526

Other

AECO	a natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas
BOE/d	barrel of oil equivalent per day
m3	cubic metres
MBOE	1,000 barrels of oil equivalent
$000s	thousands of dollars
M$	thousands of dollars
MM$	millions of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

NOTE ON SHARE REFERENCES

The Old TORC Shares were converted and exchanged on a 1 to 0.87 basis for TORC Shares pursuant to the Arrangement on November 19, 2012. References in this Annual Information Form to Old TORC Shares are on a pre-Arrangement basis while references to Common Shares are on a post-Arrangement basis. Readers should multiply any referenced number of Old TORC Shares, Old TORC Warrants, Old TORC Options or Old TORC Incentive Shares to acquire Class A Shares by 0.87 to arrive at the equivalent number of Common Shares or warrants to acquire Common Shares. Readers should divide the issuance price of any Class A Shares or the exercise price of any options or warrants to acquire Class A Shares by 0.87 to arrive at the equivalent issuance price or exercise price for Common Shares or option or warrants to acquire Common Shares.

NOTES ON RESERVES DATA AND OTHER OIL AND NATURAL GAS INFORMATION

Caution Respecting Reserves Information

The determination of oil and natural gas reserves involves the preparation of estimates that have an inherent degree of associated uncertainty. Categories of proved and probable reserves have been established to reflect the level of these uncertainties and to provide an indication of the probability of recovery. The estimation and classification of reserves requires the application of professional judgment combined with geological and engineering knowledge to assess whether or not specific reserves classification criteria have been satisfied. Knowledge of concepts including uncertainty and risk, probability and statistics, and deterministic and probabilistic estimation methods is required to properly use and apply reserves definitions.

The recovery and reserve estimates of oil, NGLs and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein. The estimated future net revenue from the production of TORC's natural gas and petroleum reserves does not represent the fair market value of TORC's reserves.

Caution Respecting BOE

In this Annual Information Form, the abbreviation BOE means barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas when converting natural gas to BOEs. **BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.**

Definitions

Certain terms used in this Annual Information Form in describing reserves and other oil and natural gas information are defined below. Certain other terms and abbreviations used in this Annual Information Form, but not defined or described, are defined in NI 51-101 or the COGE Handbook and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 or the COGE Handbook.

Reserves

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (a) analysis of drilling, geological, geophysical and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates as follows:

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

The qualitative certainty levels referred to in the definitions above are applicable to "individual reserves entities" (which refers to the lowest level at which reserves calculations are performed) and to "reported reserves" (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.

Each of the reserves categories (proved and probable) may be divided into developed and undeveloped categories as follows:

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing as follows:

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status.

Interests in Reserves, Production, Wells and Properties

"**gross**" means: (a) in relation to an issuer's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the issuer; (b) in relation to wells, the total number of wells in which an issuer has an interest; and (c) in relation to properties, the total area of properties in which an issuer has an interest.

"**net**" means: (a) in relation to an issuer's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves; (b) in relation to an issuer's interest in wells, the number of wells obtained by aggregating the issuer's working interest in each of its gross wells; and (c) in relation to an issuer's interest in a property, the total area in which the issuer has an interest multiplied by the working interest owned by the issuer.

"**working interest**" means the percentage of undivided interest held by an issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, Crown or freehold, which interest gives the issuer the right to "work" the property (lease) to explore for, develop, produce and market the leased substances.

Description of Exploration and Development Wells and Costs

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the crude oil and natural gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to: (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves; (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly; (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and (d) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and natural gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are: (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs"); (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records; (c) dry hole contributions and bottom hole contributions; (d) costs of drilling and equipping exploratory wells; and (e) costs of drilling exploratory type stratigraphic test wells.

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt water disposal, water supply for injection, observation or injection for combustion.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. More particularly, this Annual Information Form contains forward-looking statements with respect to: (i) the anticipated timing of expenditures by TORC to satisfy its asset retirement obligations; (ii) the anticipated impact of environmental laws and regulations on TORC; (iii) TORCs plans for the development of its proven and probable undeveloped reserves; (iv) TORC's plans for funding future development costs; (v) TORC's expectations as the means of funding its ongoing environmental obligations; (vi) TORC's tax horizon; (vii) TORC's planned capital expenditures and drilling activity in 2013; and (viii) the anticipated impact on TORC of the factors discussed under the heading "Industry Conditions".

The forward-looking statements are based on certain key expectations and assumptions made by TORC, including, but not limited to:

- oil and natural gas production levels;
- prevailing weather conditions, commodity prices and exchange rates;
- availability of labour, services and equipment;
- timing and amount of capital expenditures;
- general economic and financial market conditions;
- government regulation in the areas of taxation, royalty rates and environmental protection; and
- the success of exploration and development activities.

Although TORC believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because TORC can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to:

- volatility in market prices for oil and natural gas;
- volatility in exchange rates;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- inability to secure labour, services and equipment on a timely basis or favourable terms;
- competition for, among other things, acquisitions of reserves, undeveloped lands and skilled personnel;
- unfavourable weather conditions;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling, production and processing problems;
- availability and cost of capital;
- changes in legislation, including changes in tax laws, royalty rates and incentive programs relating to the oil and natural gas industry; and
- the other factors discussed under "Risk Factors".

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement. TORC does not undertake any obligation to publicly update or revise any forward-looking statements other than as required under applicable securities laws.

TORC OIL & GAS LTD

Incorporation and Material Amendments to Incorporating Documents

The Corporation was incorporated under the ABCA as 1525893 Alberta Ltd. on March 23, 2010.

On December 15, 2010, Old TORC filed articles of amendment changing its name from 1525893 Alberta Ltd. to TORC Oil & Gas Ltd.

On December 15, 2010, Old TORC filed articles of amendment to remove: (i) certain restrictions upon invitations to the public to subscribe for shares of Old TORC; and (ii) restrictions limiting the number of Old TORC Shareholders, exclusive of employees, to less than 50 shareholders.

On January 24, 2011, Old TORC filed articles of amendment to remove certain restrictions on the transfer of shares of Old TORC.

On May 1, 2011, Old TORC amalgamated with Shale Exploration Ltd. ("**Shale**") pursuant to the Shale Transaction (as hereinafter defined), with the amalgamated corporation continuing under the name "TORC Oil & Gas Ltd.". Please refer to the section of this AIF titled "*Development of the Business – Reorganization, Acquisitions & Financings*" for further details.

On November 19, 2012, Old TORC filed articles of arrangement pursuant to the Plan of Arrangement. Please refer to the section of this AIF titled "*Development of the Business – Arrangement*" for further details.

On November 19, 2012, Old TORC amalgamated with AcquisitionCo pursuant to the Plan of Arrangement, with the amalgamated corporation continuing under the name TORC Oil & Gas Ltd. ("**AmalCo 1**"). Please refer to the section of this AIF titled "*Development of the Business – Arrangement*" for further details.

On November 19, 2012, Amalco 1 amalgamated with Vero pursuant to the Plan of Arrangement to from TORC, with the amalgamated corporation continuing under the name TORC Oil & Gas Ltd. Please refer to the section of this AIF titled "*Development of the Business – Arrangement*" for further details.

Head Office and Registered Office

The head office of TORC is located at 1800, 525 – 8th Avenue S.W., Calgary, Alberta. The registered office of TORC is located at 1900, 215 – 9th Avenue S.W., Calgary, Alberta. The Common Shares are listed for trading on the TSX under the symbol "TOG". TORC is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

Intercorporate Relationships

The Corporation currently has no subsidiaries.

DEVELOPMENT OF THE BUSINESS

Early Development

On April 13, 2010, 1525893 Alberta Ltd. (as the predecessor to Old TORC) entered into a purchase and sale agreement with Ranchwest Energy Ltd. to acquire certain oil and gas property interests located in Alberta.

From April 13, 2010 until December 16, 2010, 1525893 Alberta Ltd. acquired 26,660 gross (26,660 net) acres of undeveloped land located in Alberta for consideration of $5.3 million (including the oil and gas property interests acquired from Ranchwest Energy Ltd. described above).

Reorganization, Acquisitions & Financings

On December 16, 2010 Old TORC completed a corporate reorganization (the "**Reorganization**") pursuant to a reorganization and investment agreement among 1525893 Alberta Ltd. (as Old TORC was then named), Brett Herman and Jason Zabinsky (together the "**Initial Investors**") dated December 9, 2010 (the "**Reorganization Agreement**").

Pursuant to the Reorganization, the Initial Investors completed a non-brokered private placement (the "**Reorganization Unit Placement**") of 5,000,000 units ("**Old TORC Units**") at a price of $4.00 per Old TORC Unit for aggregate gross proceeds of $20,000,000. Each Old TORC Unit was comprised of: (i) three Old TORC Shares; (ii) one Old TORC Share issued on a flow-through basis pursuant to the *Income Tax Act* (Canada); and (iii) four Old TORC Warrants. The Old TORC Units were issued subject to the Unit Escrow Agreement. Pursuant to the Unit Escrow Agreement, 1/3 of the Old TORC Units were released on each of the following anniversaries of the Reorganization Unit Placement: (i) the first anniversary; (ii) the eighteen month anniversary; and (iii) the second anniversary. The Reorganization Unit Placement closed on December 16, 2010. The final tranche of Old TORC Units subject to escrow were released from escrow on December 16, 2012. Please see the section titled "*Escrowed Securities*" in this AIF for further details.

On January 7, 2011, Old TORC, pursuant to the Reorganization, completed a non-brokered private placement of 4,000,000 Old TORC Shares at a price of $1.50 per Old TORC Share (the "**Reorganization Share Placement**") for aggregate gross proceeds of $6,000,000.

Pursuant to the Reorganization, certain shareholders of 1525893 Alberta Ltd. (as Old TORC was then named) as of the date immediately prior to completion of the Reorganization were granted an option to acquire up to 1,127,840 Old TORC Shares at an exercise price of $1.00 per Old TORC Share (the "**Participation Option**") for aggregate gross proceeds of $1,127,840. The Participation Option was fully exercised concurrently with the Reorganization Share Placement.

Pursuant to the Reorganization, the prior constituted board of directors of 1525893 Alberta Ltd. was replaced by the board of directors of Old TORC, and the officers of 1525893 Alberta Ltd. resigned and were replaced by the officers of Old TORC.

On February 2, 2011, Old TORC entered into a letter agreement with the Bank of Montreal to establish credit facilities in the principal amount of $50,000,000 (the "**Credit Facilities**"), as amended and restated on May 14, 2012. On November 19, 2012 the Credit Facilities were renegotiated to a $100 million syndicated reserves-based revolving credit facility. The credit facility is secured by a fixed and floating charge debenture on the assets of the Corporation. The borrowing base is subject to semi-annual review, and is primarily based on reserves and commodity prices as estimated by the lenders. The Corporation's next credit facility evaluation is due to be completed by April 30, 2013.

On February 3, 2011, Old TORC completed a brokered private placement financing of 41,734,000 Old TORC Shares at a price of $3.00 per Old TORC Share for aggregate gross proceeds of $125,202,000.

On February 3, 2011, Old TORC entered into a share purchase agreement with the shareholders of Shale to acquire all of the issued and outstanding shares of Shale, a private company with petroleum and natural gas assets located in southern Alberta, for share consideration of 741,961 Old TORC Shares and cash consideration of $556,121 (the "**Shale Transaction**"). The Shale Transaction closed on February 18, 2011.

Concurrently with the Shale Transaction, Old TORC entered into settlement agreements to settle certain debts and indebtedness of Shale and Barron Energy Corporation, including debt conversion rights, debts to Shale's directors and officers and outstanding options, for aggregate share consideration of 6,829,018 Old TORC Shares.

On May 1, 2011 Old TORC amalgamated with Shale, with the amalgamated corporation continuing under the name "TORC Oil & Gas Ltd.".

On June 14, 2011, Old TORC completed a brokered private placement financing of 31,250,000 Old TORC Shares at a price of $4.00 per Old TORC Share for aggregate gross proceeds of $125,000,000.

On September 29, 2011, Old TORC completed brokered and non-brokered private placements of 8,701,000 Old TORC Shares issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) at a price of $4.80 per Old TORC Share for aggregate gross proceeds of $41,764,800.

From the date of the Reorganization until December 31, 2011, Old TORC acquired 366,892 gross (366,350 net) acres of undeveloped land located at its core property areas in Alberta (southern Alberta Bakken and west central Alberta Cardium) for consideration of $172.2 million, including the lands acquired in the Shale Transaction. Included in the consideration are fees related to certain farmin arrangements.

On October 4, 2012, Old TORC completed a bought deal private placement of (i) 30,800,000 Old TORC Subscription Receipts at a subscription price of $2.60 for aggregate gross proceeds of $80,080,000; and (ii) 12,910,000 Old TORC Flow-Through Receipts at a subscription price of $3.10 for aggregate gross proceeds of $40,021,000 (the "**Arrangement Financing**"). Pursuant to the terms of the Subscription Receipts Agreement, the Old TORC Subscription Receipts were convertible and exchangeable into Old TORC Shares, and the Old TORC Flow-Through Receipts were convertible and exchangeable into Old TORC Shares issued on a flow-through basis under the *Income Tax Act* (Canada), in each instance without payment of additional consideration or any further action, and as a step to the Arrangement, immediately upon satisfaction of certain conversion conditions (the "**Conversion Conditions**") pursuant to the Subscription Receipts Agreement. The aggregate gross proceeds of the Arrangement Financing were held in escrow by Olympia Trust Company until the satisfaction of certain escrow release conditions ("**Escrow Release Conditions**") pursuant to the Subscription Receipts Agreement. The Conversion Conditions and the Escrow Release Conditions were satisfied immediately prior to completion of the Arrangement.

Old TORC entered into a number of farm-in agreements with third parties to earn interests in additional prospective acreage. As at December 31, 2012, the Corporation's required future commitments are estimated to be $0.5 million, which are expected to be completed by June 30, 2013 and form part of the Corporation's ongoing capital program.

During the year ended December 31, 2012, the Corporation acquired 85,219 gross (59,416 net) acres of undeveloped land located in Alberta for consideration of $6.5 million net of dispositions. Included in the consideration are fees related to certain farmin arrangements.

Arrangement

On September 12, 2012 Old TORC entered into the Arrangement Agreement, as amended on September 27, 2012, with Vero whereby Old TORC, Vero and AcquisitionCo agreed to carry out the Plan Arrangement under the provisions of Section 193 of the ABCA. The Arrangement was completed on November 19, 2012. Upon satisfaction of the Conversion Conditions, and as a step of the Plan Arrangement, each Old TORC Subscription Receipt was converted and exchanged into an Old TORC Share, pursuant to the terms of each of the Arrangement Agreement and the Subscription Receipts Agreement. Pursuant to the Plan Arrangement, Old TORC and AcquisitionCo were then amalgamated under the ABCA ("**Amalgamation 1**") to continue as AmalCo 1. Pursuant to Amalgamation 1, the holders of Old TORC Shares received 0.87 of a Vero Share for each Old TORC Share held. Upon completion of Amalgamation 1, Vero and AmalCo 1 then amalgamated under the ABCA ("**Amalgamation 2**") to continue as TORC. Pursuant to Amalgamation 2, the holders of Vero Shares received one TORC Share for each Vero Share held. Upon completion of Amalgamation 2, each Old TORC Flow-Through Receipt was then converted and exchanged into 0.87 of a TORC Share issued on a flow-through basis pursuant to the *Income Tax Act* (Canada). The aggregate gross proceeds of the Arrangement Financing were released from escrow immediately prior to completion of the Arrangement.

DESCRIPTION OF THE BUSINESS

Corporate Strategy

TORC's business plan is to pursue profitable per share growth in reserves, production and cash flow in western Canada. To accomplish this, TORC pursues an integrated growth strategy including strategic acquisitions together with development and exploration drilling.

TORC maintains a balance between exploration and development drilling for oil and natural gas reserves, although management of TORC also considers asset and corporate acquisition opportunities that meet certain criteria. To achieve sustainable and profitable growth, management of TORC believes in controlling the timing and costs of its projects wherever possible. Accordingly, TORC seeks to become the operator of its properties to the greatest extent possible. Further, to minimize competition within its geographic areas of interest, TORC strives to maximize its working interest ownership in its properties where reasonably possible. Management of TORC has industry experience in producing areas in western Canada and has the capability to expand the scope of its activities as opportunities arise.

In reviewing potential drilling or acquisition opportunities, TORC gives consideration to the following criteria:

(1) risk capital to secure or evaluate the opportunity;

(2) the potential return on the project, if successful;

(3) the likelihood of success; and

(4) risked return versus cost of capital.

In general, TORC pursues a portfolio approach in developing a large number of opportunities with a balance of risk profiles in an attempt to generate sustainable high levels of growth.

It should be noted that the TORC Board may, in its discretion, approve asset or corporate acquisitions or investments that do not conform to the guidelines discussed above based upon the Board's consideration of the qualitative aspects of the subject properties, including risk profile, technical upside, reserve life, strategic importance and asset quality.

Competition

The oil and natural gas industry is competitive in all its phases. TORC competes with numerous other participants in the acquisition, exploration and development of oil and natural gas assets and in the marketing of oil and natural gas. TORC's competitors include resource companies which have greater financial resources, staff and facilities than those of TORC. TORC believes that its competitive position is, on the whole, equivalent to that of other oil and natural gas producers of similar size and at a similar stage of development.

There has been a sustained high demand for the services necessary to drill and complete the types of horizontal oil wells that form a substantial portion of TORC's exploration and development activities. TORC is in constant competition to secure such services on a timely and cost effective basis.

Seasonal Factors

The exploration for and development of oil and natural gas reserves is dependent on access to areas where operations are to be conducted. Seasonal weather variations, including freeze-up and break-up, affect access in certain circumstances. Unexpected adverse weather conditions, such as flooding or prolonged break-up, can have a significant negative impact on operations and costs.

Personnel

As at December 31, 2012, TORC had 30 head office employees and no field employees.

PRINCIPAL PROPERTIES

A description of TORC's principal oil and natural gas properties as at December 31, 2012 is provided below.

West Central Alberta Cardium

TORC's West Central Alberta Cardium ("**Cardium**") properties consist of an average working interest of approximately 72% in 213,679 gross (154,765 net) acres of land in the Brazeau, Carrot Creek, Kaybob, Pembina, Pine Creek and Rosevear areas on the Cardium trend in west central Alberta, all of which are located approximately 150-250 kilometres west of the city of Edmonton, Alberta. The properties include 79 gross (55.8 net) producing oil wells and 5 gross (3.6 net) producing gas wells. TORC has no major facilities in the area. Average daily production from the properties for the year ended December 31, 2012 was 872 BOE/d and was weighted 80% to crude oil and NGLs. As at December 31, 2012, the Sproule Report attributed proved plus probable reserves of 11,926 Mbbl of oil and NGLs and 31.1 MMcf of natural gas to the Cardium properties.

Monarch, Alberta

TORC's Monarch property consists of an average working interest of approximately 100% in 160,872 gross (160,286 net) acres of land in the Alberta Bakken play in southern Alberta, located approximately 150-180 kilometres southeast of the city of Calgary, Alberta. TORC has targeted the Banff and Big Valley formations in drilling a total of 9 gross (9 net) oil wells to date on the Monarch property. The property includes 7 gross (7 net) producing oil well and 2 gross (2 net) non-producing oil wells. TORC has no major facilities in the area. Average daily production from the property for the year ended December 31, 2012 was 403 BOE/d and was weighted 100% to crude oil. As at December 31, 2012, the Sproule Reports attributed proved plus probable reserves of 1,640 Mbbl of oil and no NGLs or natural gas reserves to the Monarch property.

STATEMENT OF RESERVES DATA

In accordance with NI 51-101, Sproule prepared the Sproule Report. The Sproule Report evaluated, as at December 31, 2012, the oil, NGL and natural gas reserves attributable to the properties of TORC. The Sproule Report is dated March 6, 2013.

The tables below are a summary of the oil, NGLs and natural gas reserves attributable to the properties of TORC and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on forecast price and cost assumptions. The tables summarize the data contained in the Sproule Report and, as a result, may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

The net present value of future net revenue attributable to reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures and well abandonment costs for only those wells assigned reserves by Sproule. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of oil, NGLs and natural gas reserves provided herein are estimates only. Actual reserves may be greater than or less than the estimates provided herein.

The Sproule Report is based on certain factual data supplied by TORC and Sproule's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to petroleum properties and contracts (except for certain information residing in the public domain) were supplied by TORC to Sproule. Sproule accepted this data as presented and neither title searches nor field inspections were conducted.

Summary of Oil and Gas Reserves – Forecast Prices and Costs

	Gross Reserves				Net Reserves			
	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
	Mbbls	Mbbls	MMcf	MBOE	Mbbls	Mbbls	MMcf	MBOE
Proved								
Developed Producing	3,688.0	330.9	9,960	5,678.8	3,091.2	225.9	9,024	4,281.1
Developed Non-Producing	33.3	-	-	33.3	28.9	-	-	28.9
Undeveloped	3,380.6	256.0	7,061	4,813.5	2,839.3	192.7	6,346	4,089.7
Total Proved	7,101.9	586.9	17,021	10,525.6	5,959.3	418.5	15,370	8,939.6
Probable	5,539.8	508.0	14,079	8,394.3	4,440.0	347.5	12,529	6,875.6
Total Proved plus Probable	12,641.7	1,094.9	31,100	18,919.9	10,399.3	766.0	27,899	15,815.2

Net Present Value of Future Net Revenue – Forecast Prices and Costs

	Before Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M$)	(M$)	(M$)	(M$)	(M$)
Proved					
Developed Producing	216,442	176,067	149,717	131,280	117,685
Developed Non-Producing	943	849	771	705	650
Undeveloped	121,635	75,158	47,617	29,828	17,612
Total Proved	339,020	252,074	198,105	161,813	135,947
Probable	288,192	164,852	104,920	71,256	50,296
Total Proved plus Probable	627,212	416,926	303,025	233,069	186,243

	After Future Income Tax Expenses and Discounted at				
	0%	5%	10%	15%	20%
	(M$)	(M$)	(M$)	(M$)	(M$)
Proved					
Developed Producing	216,442	176,067	149,717	131,280	117,685
Developed Non-Producing	943	849	771	705	650
Undeveloped	121,635	75,158	47,617	29,828	17,612
Total Proved	339,020	252,074	198,105	161,813	135,947
Probable	250,665	148,634	97,247	67,370	48,220
Total Proved plus Probable	589,685	400,707	295,350	229,181	184,165

	Unit Value Before Income Tax Discounted at 10%/year ($/BOE)
Proved	
Developed Producing	31.05
Developed Non-Producing	26.70
Undeveloped	11.64
Total Proved	22.16
Probable	15.26
Total Proved Plus Probable	19.16

Additional Information Concerning Future Net Revenue – Forecast Prices and Costs (Undiscounted)

(Undiscounted)	Revenue (M$)	Royalties (M$)	Operating Costs (M$)	Development Costs (M$)	Abandonment and Other Costs (M$)	Future Net Revenue Before Income Taxes (M$)	Future Income Taxes (M$)	Future Net Revenue After Income Taxes (M$)
Total Proved	790,197	120,029	210,654	116,717	4,498	339,020	nil	339,020
Total Proved plus Probable	1,482,930	246,134	403,699	199,643	6,243	627,212	37,527	589,685

Future Net Revenue by Production Group – Forecast Prices and Costs

	Future Net Revenue Before Income Taxes and Discounted at 10%(3) (M$)	Per Unit Future Net Revenue Before Income Taxes and Discounted at 10%(3) ($/BOE)
Proved		
Light and Medium Crude Oil(1)	195,544	22.59
Natural Gas(2)	2,561	9.04
Proved plus Probable		
Light and Medium Crude Oil(1)	299,158	19.71
Natural Gas(2)	3,867	6.07

Notes:

(1) Including solution gas and other by-products.
(2) Including by-products, but excluding solution gas from oil wells.
(3) Based on net reserves volumes.

Pricing Assumptions – Forecast Prices and Costs

Sproule employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2012 in the Sproule Report in estimating reserves data using forecast prices and costs. The weighted average historical prices received by TORC for 2012 are also reflected in the table below.

	Medium and Light Crude Oil			Natural Gas		NGL	
Year	WTI Cushing Oklahoma 40° API (US$/bbl)	Edmonton Par Price 40° API ($/bbl)	Cromer Medium 29.3º API ($/bbl)	Alberta Gas Reference Price Plantgate ($/MMBtu)	AECO - C Spot ($/MMBtu)	Pentanes Plus ($/bbl)	Exchange Rate ($US/$Cdn)
2012 (Actual)	94.19	86.53	80.95	2.25	2.43	100.76	1.001
2013	89.63	84.55	77.79	3.06	3.31	90.53	1.001
2014	89.93	89.84	82.66	3.42	3.72	96.19	1.001
2015	88.29	88.21	81.15	3.55	3.91	94.44	1.001
2016	95.52	95.43	88.75	4.24	4.70	102.18	1.001
2017	96.96	96.87	90.09	4.75	5.32	103.71	1.001
2018	98.41	98.32	91.44	4.76	5.40	105.27	1.001
2019	99.89	99.79	92.81	4.77	5.49	106.85	1.001
2020	101.38	101.29	94.20	4.77	5.58	108.45	1.001
2021	102.91	102.81	95.61	4.78	5.67	110.08	1.001
2022	104.45	104.35	97.05	4.79	5.76	111.73	1.001
2023	106.02	105.92	98.50	4.80	5.85	113.40	1.001

Escalated at 1.5% per year thereafter.

Reconciliation of Changes in Reserves

The following table sets forth a reconciliation of TORC's gross reserves as at December 31, 2012, derived from the Sproule Report using forecast prices and cost estimates, reconciled to the gross reserves of TORC as at December 31, 2011.

	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
Proved	(Mbbls)	(Mbbls)	(MMcf)	(MBOE)
Balance at December 31, 2011	435.3	18.3	609	555.1
Acquisition	4,024.4	403.5	12,803	6,561.8
Disposition	-	-	-	-
Discoveries	456.3	7.5	83	477.7
Extension	2,346.4	154.4	3,600	3,100.9
Infill	9.3	0.9	36	16.3
Improved Recovery	-		-	-
Technical Revisions	212.4	14.3	224	264.1
Economic Factors	(5.9)	(0.3)	(7)	(7.4)
Production	(376.3)	(11.8)	(328)	(442.8)
Balance at December 31, 2012	7101.9	586.9	17,021	10,525.6

	Light and Medium Crude Oil	Natural Gas Liquids	Natural Gas	Total Oil Equivalent
Probable	(Mbbls)	(Mbbls)	(MMcf)	(MBOE)
Balance at December 31, 2011	332.6	7.7	259	383.5
Acquisition	1,948.3	315.4	9,468	3,841.7
Disposition	-	-	-	-
Discoveries	246.2	2.7	30	254.1
Extension	3,168.8	179.2	4,322	4,068.2
Infill	1.6	0.3	10	3.6
Improved Recovery	-	-	-	-
Technical Revisions	(154)	3.0	(6)	(152)
Economic Factors	(3.7)	(0.3)	(5)	(4.9)
Production	-	-	-	-
Balance at December 31, 2012	5,539.8	508.0	14,079	8,394.3

Proved + Probable	Light and Medium Crude Oil (Mbbls)	Natural Gas Liquids (Mbbls)	Natural Gas (MMcf)	Total Oil Equivalent (MBOE)
Balance at December 31, 2011	767.9	26.0	868	938.6
Acquisition	5,972.7	718.9	22,271	10,403.4
Disposition	-	-	-	-
Discoveries	702.5	10.3	114	731.8
Extension	5,515.2	333.6	7,922	7,169.1
Infill	10.9	1.2	47	19.9
Improved Recovery	-	-	-	-
Technical Revisions	58.4	17.3	218	112.1
Economic Factors	(9.6)	(0.6)	(13)	(12.3)
Production	(376.3)	(11.8)	(328)	(442.8)
Balance at December 31, 2012	12,641.7	1094.9	31,100	18,919.9

ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped and probable undeveloped reserves that were first attributed in the two most recent financial years:

	Light and Medium Oil (Mbbl)	Solution Gas (MMcf)	Natural Gas (MMcf)	Natural Gas Liquids (Mbbl)
Proved Undeveloped				
Dec. 31, 2011	0.0	0.0	0	0.0
Dec. 31, 2012	3,380.6	6,858	203	256.0
Probable Undeveloped				
Dec. 31, 2011	0.0	0.0	0.0	0.0
Dec. 31, 2012	3,922.9	7,659	1,525	341.8

Note: TORC did not have reserve bookings prior to December 31, 2011

Proved undeveloped reserves are generally those reserves related to infill wells that have not yet been drilled or wells further away from gathering systems requiring relatively high capital to bring on production. Probable undeveloped reserves are generally those reserves tested or indicated by analogy to be productive, infill drilling locations and lands contiguous to production. This also includes the probable undeveloped wedge from the proved undeveloped locations.

TORC currently plans to pursue the development of its proven and probable undeveloped reserves within the next two to three years through ordinary course capital expenditures. However, TORC may choose to delay development depending on a number of circumstances, including the existence of higher priority expenditures and prevailing commodity prices and cash flow.

Significant Factors or Uncertainties Affecting Reserves Data

The process of estimating reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices and economic conditions.

As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and natural gas prices and reservoir performance. Such revisions can be either positive or negative.

Future Development Costs

The table below sets out the total development costs deducted in the estimation in the Sproule Report of future net revenue attributable to proved developed reserves and proved plus probable reserves (using forecast prices and costs).

	Forecast Prices and Costs	
	Proved Reserves	Proved Plus Probable Reserves
	(M$)	(M$)
2013	59,761	102,162
2014	55,528	92,053
2015	1,427	5,427
Total Undiscounted	116,717	199,643

TORC has three sources of funding available to finance future development costs: internally generated cash flow from operations, debt financing and equity financing. TORC currently expects to fund future development costs primarily through cash flow, but may rely, to some extent, on debt financing by drawing down on its existing credit facilities or equity financing by issuing additional Common Shares depending on prevailing commodity prices, market conditions, the desirability of accelerating TORC's capital expenditure program and the availability of financing on favourable terms. The cost of the debt component for funding future development costs is expected to be minimal and to not materially impact the disclosed reserves or future net revenue.

OTHER OIL AND NATURAL GAS INFORMATION

Oil and Natural Gas Wells

The following table sets forth the number and status of TORC's wells effective December 31, 2012.

	Producing Wells				**Non-Producing Wells**			
	Oil		**Natural Gas**		**Oil**		**Natural Gas**	
	Gross	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Saskatchewan	-	-	-	-	-	-	-	-
Alberta	92	67.9	6	4.6	1	1.0	2	1.4
Total	92	67.9	6	4.6	1	1.0	2	1.4

Properties with no Attributed Reserves

The following table summarizes, effective December 31, 2012, the gross and net acres of unproved properties in which TORC has an interest and also the number of net acres for which TORC's rights to explore, develop or exploit will expire within one year.

	Gross Acres	Net Acres	Net Acres Expiring Within One Year
Saskatchewan	160	160	160
Alberta	580,446	504,882	80,784
British Columbia	2,567	2,567	-
Total	583,173	507,609	80,944

Additional Information Concerning Abandonment and Reclamation Costs

TORC typically estimates well abandonment costs area by area. Such costs are included in the Sproule Report as deductions in arriving at future net revenue. The total expected cost included in the Sproule Report for well abandonment and disconnection costs at all properties, for 104 net wells under the proved reserves category, was $4.5 million undiscounted ($1.1 million discounted at 10%), $39k of which is estimated to be incurred in 2013, 2014 and 2015. The total expected cost included in the Sproule Report for well abandonment and disconnection costs at all properties, for 126 net wells under the total proved plus probable reserves category, was $6.2 million undiscounted ($0.8 million discounted at 10%), $29k of which is estimated to be incurred in 2013, 2014 and 2015. This estimate does not include expected reclamation costs of $5.0 million undiscounted ($0.6 million discounted at 10%) associated with those wells. TORC estimates an additional $1.3 million of undiscounted abandonment and reclamation costs for wells not included in the Sproule Report. TORC will be liable for its share of ongoing environmental obligations and for the ultimate reclamation of the properties held by it upon abandonment. Ongoing environmental obligations are expected to be funded out of cash flow.

Tax Horizon

Based on Sproule production forecasts, planned capital expenditures and the forecast commodity pricing employed in the Sproule Report, TORC estimates that it will not be required to pay current income taxes until at least 2015.

Costs Incurred

The following table summarizes capital expenditures incurred by TORC during the year ended December 31, 2012.

	Property Acquisition Costs			
	Proved Properties	Unproved Properties	Exploration Costs	Development Costs
Total (M$)	23.1	4.1	87.3	44.0

Drilling Activity

The following table sets forth the gross and net exploration and development wells drilled by TORC during the year ended December 31, 2012. All wells were drilled in Canada.

	Exploration Wells		Development Wells	
	Gross	Net	Gross	Net
Light and Medium Oil	8	8.0	17	10.6
Natural Gas	-	-	-	-
Service	-	-	-	-
Stratigraphic Test	-	-	-	-
Dry	2	2.0	1	1.0
Total:	10	10.0	18	11.6

Planned Capital Expenditures

TORC has announced a planned capital expenditure budget of $125 million for 2013. This spending will be largely weighted to drilling, completions and tie-ins at approximately $115 million and will include facility, land, seismic and other spending of approximately $10 million. TORC is planning to drill approximately 32 gross (22.3 net) Cardium wells and 4 to 6 net wells at Monarch.

Production Estimates

The following table discloses for each product type the total volume of production estimated by Sproule in the Sproule Report for 2013 in the estimates of future net revenue from gross proved and gross proved plus probable reserves disclosed above.

	Light and Medium Crude Oil (bbls/d)	NGL (bbls/d)	Natural Gas (Mcf/d)	Total Oil Equivalent (BOE/d)	%
Proved					
Alberta					
Monarch	589	-	-	589	14
Cardium	2,286	238	6,578	3,620	84
Other	68	3	53	80	2
Total Proved	2,943	241	6,631	4,289	100
Proved plus Probable					
Alberta					
Monarch	760	-	-	760	14
Cardium	2,920	290	7,875	4,523	84
Other	69	3	55	81	2
Total Proved plus Probable	3,749	293	7,930	5,364	100

Production History

The following table discloses, on a quarterly basis for the year ended December 31, 2012, certain information in respect of production, product prices received, royalties paid, operating expenses and resulting netback for TORC.

Average Daily Production Volume

	Three Months Ended			
	Mar. 31, 2012	Jun. 30, 2012	Sep. 30, 2012	Dec. 31, 2012
Natural gas (Mcf/d)	439	399	433	2,824
Light and Medium Crude Oil (Bbls/d)	796	720	836	1,947
NGL (Bbls/d)	14	17	18	100
Total (BOE/d)	883	804	927	2,518

Prices Received, Royalties Paid, Production Costs and Netback – Light and Medium Crude Oil

($ per Bbl)	Three Months Ended			
	Mar. 31, 2012	Jun. 30, 2012	Sep. 30, 2012	Dec. 31, 2012
Prices Received	88.16	79.39	78.88	73.83
Royalties Paid	(6.73)	(7.27)	(9.45)	(8.03)
Production Costs	(21.14)	(25.25)	(21.52)	(21.45)
Netback(1)	60.29	46.87	47.91	44.35

Note:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Prices Received, Royalties Paid, Production Costs and Netback – NGLs

($ per Bbl)	Three Months Ended			
	Mar. 31, 2012	Jun. 30, 2012	Sep. 30, 2012	Dec. 31, 2012
Prices Received	63.14	52.02	46.26	54.62
Royalties Paid	(4.82)	(4.76)	(5.54)	(5.94)
Production Costs	(15.14)	(16.55)	(12.62)	(15.87)
Netback[(1)]	43.18	30.71	28.10	32.81

Note:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Prices Received, Royalties Paid, Production Costs and Netback – Natural Gas

($ per Mcf)	Three Months Ended			
	Mar. 31, 2012	Jun. 30, 2012	Sep. 30, 2012	Dec. 31, 2012
Prices Received	2.25	1.82	2.23	3.23
Royalties Paid	(0.17)	(0.17)	(0.27)	(0.35)
Production Costs	(0.54)	(0.58)	(0.61)	(0.94)
Netback[(1)]	1.54	1.07	1.35	1.94

Note:

(1) Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging.

Production Volume by Field

The following table indicates the average daily net production from TORC's fields for the year ended December 31, 2012.

	Light and Medium Crude Oil (Bbls/d)	Heavy Crude Oil (Bbls/d)	NGLs (Bbls/d)	Natural Gas (Mcf/d)	Total Oil Equivalent (BOE/d)	%
Alberta						
Monarch	403	-	-	-	403	31
Cardium	663	-	38	1,027	872	68
Other	11	-	-	-	11	1
Total	1,077	-	38	1,027	1,285	100

SHARE CAPITAL

TORC is authorized to issue an unlimited number of Common Shares and an unlimited number of first preferred shares issuable in series (the "**Preferred Shares**").

Holders of Common Shares are entitled to one vote for each Common Share held and to receive any dividends declared by the Board of Directors or any distribution of the assets of TORC upon a liquidation, dissolution or winding-up of TORC, subject to the rights of the Preferred Shares and any other classes of shares ranking in priority to the Common Shares.

The Preferred Shares are issuable in series and the designation of, and the rights or privileges, restrictions and conditions attached to any series of Preferred Shares are to be established by the Board of Directors prior to the issuance thereof. The Preferred Shares have a preference over the Common Shares and any class of shares of TORC ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of TORC or any other distribution of the assets of TORC among its shareholders for the purpose of winding-up its affairs. No series of Preferred Shares has been designated to date and there are no Preferred Shares outstanding.

DIVIDEND POLICY

TORC has not declared or paid any dividends on the Common Shares since its incorporation. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of TORC's earnings, financial requirements and other conditions existing at such future time.

ESCROWED SECURITIES

To the knowledge of the directors and executive officers of TORC, none of the securities of TORC are in escrow or are subject to contractual restrictions on transfer.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the trading symbol "TOG". The following table sets forth the price range and trading volume of the Common Shares for each of the months of 2012.

	Price Range ($)		
Period	Low	High	Trading Volume
January(1)	$2.53	$2.92	21,477,635
February(1)	$2.80	$3.48	15,883,623
March(1)	$2.53	$3.40	5,400,017
April(1)	$2.17	$2.78	5,570,739
May(1)	$2.07	$2.74	2,622,332
June(1)	$1.49	$2.28	2,731,518
July(1)	$1.58	$1.97	2,712,198
August(1)	$1.71	$2.26	4,337,010
September(1)	$1.91	$2.82	18,313,997
October(1)	$2.48	$2.89	13,817,618
November (1)(2)	$2.24	$2.72	79,931,845
December(2)	$2.18	$2.41	43,406,147

Notes:

(1) Prior to the completion of the Arrangement on November 19, 2012, the common shares of Vero Energy Inc. were listed for trading on the TSX under the trading symbol “VRO”.

(2) Vero Energy Inc. and Old TORC amalgamated pursuant to the Arrangement Agreement on November 19, 2012. The Common Shares of TORC are listed on the TSX under the trading symbol “TOG”.

DIRECTORS AND OFFICERS

The name, municipality of residence, principal occupation for the prior five years and position with TORC of each of the directors and officers of TORC as at March 28, 2013 are as follows:

Name and Residence	Position	Principal Occupation During Previous Five Years
Raymond Chan[(1)(3)] Calgary, Alberta	Chairman & Director	Mr. Chan was appointed Executive Chairman of Baytex Energy Corp. in December 2010 and held the same position with Baytex Energy Ltd. ("**Baytex**") since January 2009. Prior to that, Mr. Chan was the Chief Executive Officer of Baytex (November 2007 to December 2008) and the President and Chief Executive Officer of Baytex (September 2003 to November 2007). Mr. Chan has been a director of Baytex since October 1998.
John Brussa[(3)] Calgary, Alberta	Director	Mr. Brussa is Vice Chairman, and has been a partner since 1987, at the law firm of Burnet, Duckworth & Palmer LLP.
M. Bruce Chernoff[(1)] Calgary, Alberta	Director	Mr. Chernoff has been the President and a Director of Caribou Capital Corp. (a private investment management company) since June 1999. Mr. Chernoff was the Chairman of Harvest Energy Trust from 2002 until its sale to the Korean National Oil Corporation in December 2009. Mr. Chernoff has been a Director of Maxim Power Corp. since January 2005 and serves as its Chairman of the Board.
Brett Herman[(4)] Calgary, Alberta	Director, President and Chief Executive Officer	Mr. Herman is the President & Chief Executive Officer and a Director of TORC. Mr. Herman was the President & Chief Executive Officer and a Director of Result Energy Inc. from November 2009 to April 2010 and the President & Chief Executive Officer and a Director of TriStar Oil & Gas Ltd. from August 2007 to October 2009.
David Johnson[(2) (3)] Calgary, Alberta	Director	Mr. Johnson is an independent businessman with over thirty-five years of diverse experience in the oil & gas industry. Mr. Johnson was the Chairman of Progress Energy Resources Corp. from July 2004 until its sale to PETRONAS in 2012.
Dale Shwed[(1) (2)] Calgary, Alberta	Director	Mr. Shwed has been the President & Chief Executive Officer and a Director of Crew Energy Inc. since June 2003.
Hank Swartout[(2)] Calgary, Alberta	Director	Mr. Swartout is an independent businessman with over thirty years of experience in the oilfield services industry.
James Pasieka Calgary, Alberta	Corporate Secretary	Mr. Pasieka has been a partner of the national law firm Heenan Blaikie LLP since 2001.

Name and Residence	Position	Principal Occupation During Previous Five Years
Jason Zabinsky[4] Calgary, Alberta	Vice President, Finance and Chief Financial Officer	Mr. Zabinsky is the Vice President, Finance and Chief Financial Officer of TORC. Mr. Zabinsky was the Vice President and Chief Financial Officer of Result Energy Inc. from November 2009 to April 2010 and the Vice President and Chief Financial Officer of TriStar Oil & Gas Ltd. from January 2006 to October 2009.
Filippo Angelini Calgary, Alberta	Vice President and Controller	Mr. Angelini is the Vice President and Controller of TORC. Mr. Angelini was the Controller of Result Energy Inc. from November 2009 to April 2010 and the Controller of TriStar Oil & Gas Ltd. from August 2007 to October 2009.
Shane Manchester Calgary, Alberta	Vice President, Operations	Mr. Manchester is the Vice President, Operations of TORC. Mr. Manchester was the Vice President, Operations of Vero Energy Inc. from March 2006 to November 2012, and a Production and Engineering Manager for True Energy Inc. from June 2002 to March 2006.
Eric Strachan Okotoks, Alberta	Vice President, Exploration	Mr. Strachan is the Vice President, Exploration of TORC. Mr. Strachan was the Vice President, Exploration of Result Energy Inc. from November 2009 to April 2010 and the Vice President, Exploration of TriStar Oil & Gas Ltd. from January 2006 to October 2009.
Jeremy Wallis Calgary, Alberta	Vice President, Land	Mr. Wallis is the Vice President, Land of TORC. Mr. Wallis was the Vice President, Land of Result Energy Inc. from November 2009 to April 2010 and the Vice President, Land of TriStar Oil & Gas Ltd. from January 2006 to October 2009.
Mike Wihak Calgary, Alberta	Vice President, Production	Mr. Wihak is the Vice President, Production of TORC. Mr. Wihak was the Vice President, Operations of Result Energy Inc. from November 2009 to April 2010 and the Vice President, Operations of TriStar Oil & Gas Ltd. from January 2008 to October 2009.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Reserves Committee.
(3) Member of the Compensation Committee.
(4) Member of the Disclosure Committee.

Each of the directors was appointed on December 16, 2010. Each of the directors will hold office until the next annual meeting of TORC's shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with TORC's articles or by-laws.

The TORC Board has an Audit Committee, a Reserves Committee, a Compensation Committee and a Disclosure Committee. The members of the Audit Committee are Raymond Chan (Chair), M. Bruce Chernoff and Dale Shwed. The members of the Reserves Committee are David Johnson (Chair), Dale Shwed and Hank Swartout. The members of the Compensation Committee are John Brussa (Chair), Raymond Chan and David Johnson. The members of the Disclosure Committee are Brett Herman and Jason Zabinsky.

As a group, the directors and executive officers of TORC beneficially own, control or direct, directly or indirectly, 24 million Common Shares, representing approximately 12.5% of the outstanding Common Shares.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of management of TORC, no director or executive officer of TORC, or a personal holding company of any such person, is, or within the 10 years before the date of this Annual Information Form has been, a director, chief executive officer or chief financial officer of any other issuer that:

a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under Canadian securities legislation that lasted for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that lasted for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Other than as noted below, to the knowledge of management of TORC, no director or executive officer, or any shareholder holding sufficient number of securities of TORC to affect materially the control of TORC, or a personal holding company of any such person:

a) is, at the date of this Annual Information Form or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Mr. Swartout was formerly a director of the Resort at Copper Point Ltd. (a private real estate development company) which was placed in receivership in February 2009. Mr. Swartout resigned as a director of the Resort at Copper Point Ltd. effective March 4, 2009.

Penalties or Sanctions

To the knowledge of management of TORC, no director or officer, or any shareholder holding a sufficient number of securities of TORC to affect materially the control of TORC, has:

a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with the Canadian securities regulatory authority; or

b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

The directors and officers of TORC may participate in activities and investments in the oil and natural gas industry outside the scope of their engagement or employment as directors or officers of TORC. As a result, the directors and officers may become subject to conflicts of interest. The ABCA provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA, the written mandate of the Board of Directors and TORC's corporate governance policies.

As at the date hereof, TORC is not aware of any existing or potential material conflicts of interest between TORC and a director or officer of TORC.

AUDIT COMMITTEE

Composition of the Audit Committee, Charter and Review of Services

The members of the Audit Committee of the TORC Board are Raymond Chan, M. Bruce Chernoff and Dale Shwed. Raymond Chan is the Chair of the Audit Committee.

The Audit Committee of the TORC Board operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Annual Information Form as Schedule "A".

The Audit Committee charter requires all members of the Audit Committee to be financially literate and independent within the meaning of applicable securities laws. All current members of the Audit Committee meet these requirements.

The Audit Committee charter requires that any non-audit services by TORC's auditors must be pre-approved by the Audit Committee.

Education and Experience of Members

The education and experience of each director relevant to the performance of his duties as a member of the Audit Committee are described below.

Raymond Chan (Chair)

Raymond Chan holds a Bachelor of Commerce degree from the University of Saskatchewan and is a Chartered Accountant. Mr. Chan currently serves as Executive Chairman of Baytex Energy Corp. Mr. Chan has extensive financial and accounting experience obtained through senior executive positions in the Canadian oil and gas industry since 1982, including: Chief Financial Officer of Baytex Energy Ltd.; Tarragon Oil and Gas Limited; American Eagle Petroleum Ltd.; and Gane Energy Corporation.

M. Bruce Chernoff

M. Bruce Chernoff holds a Bachelor of Applied Science Degree in Chemical Engineering from Queen's University. Mr. Chernoff is a Professional Engineer with over 20 years of experience in the oil and gas industry. He has held various senior positions including Executive Vice President and Chief Financial Officer of Pacalta Resources Ltd. Mr. Chernoff is President of Caribou Capital Corp. and is a director of several other public companies.

Dale Shwed

Mr. Shwed holds a Bachelor of Science degree specializing in Geology from the University of Alberta**.** Mr. Shwed has been President and Chief Executive Officer of Crew Energy Inc. since September of 2003. Prior thereto, he was President and Chief Executive Officer of Baytex Energy from 1993 to August 2003. Mr. Shwed commenced his career in the oil and gas industry in 1980.

Auditor's Fees

KPMG LLP is the auditor of TORC. The following table sets out the aggregate fees billed by KPMG LLP to TORC in each of the last two fiscal years.

Year	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees
2012	$176,000	$Nil	$Nil	$Nil
2011	$67,000	$Nil	$Nil	$Nil

Notes:

(1) Audit fees consist of fees for the audit of annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements. The services provided in this category include quarterly review fees.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of TORC's financial statements and are not reported as Audit Fees. The services provided in this category included research of accounting and audit-related issues and review of internal controls.

(3) Fees for tax compliance, tax advice and tax planning.

INDUSTRY CONDITIONS

Availability of Services

The availability of the services necessary to drill and complete the types of horizontal oil wells that form a substantial portion of TORC's planned exploration and development activities in 2013 remains constrained due to increased demand and competition for such services. TORC does not anticipate that, at current commodity prices, such constraint will be alleviated in the near future.

Restrained Pipeline Capacity and Differential Volatility

Western Canada has seen significant growth in crude production over recent years. This has resulted in pressure on the pipeline take-away capacity, leading to apportionment on the main lines and, in turn, backed up local feeder pipelines. This has contributed to a widening of, and increased volatility in, the light oil pricing differential between WTI and Edmonton Par and the medium/heavy oil pricing between WTI and Cromer/WCS/Hardisty. Although pipeline expansions are ongoing and producers are increasingly turning to rail as an alternative means of transportation, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market production. In addition, the pro-rationing of capacity on the interprovincial pipeline systems also continues to affect the ability to export oil and natural gas.

Legislation and Regulation

The oil and natural gas industry is subject to extensive controls and regulations governing its operations (including land tenure, exploration, development, production, refining, transportation and marketing) imposed by legislation enacted by various levels of government and with respect to pricing and taxation of oil and natural gas by agreements among the governments of Canada, Alberta, Saskatchewan and British Columbia, all of which should be carefully considered by investors in the oil and natural gas industry. It is not expected that any of these controls or regulations will affect the operations of TORC in a manner materially different than they would affect other oil and natural gas producers of similar size. All current legislation is a matter of public record and TORC is unable to predict what additional legislation or amendments may be enacted. Some of the principal aspects of legislation, regulations and agreements governing the oil and natural gas industry are described further below.

Pricing and Marketing – Oil

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance, and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "**NEB**"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

Pricing and Marketing – Natural Gas

The price of natural gas is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m3/day), must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or for a larger quantity requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

The governments of Saskatchewan, Alberta and British Columbia also regulate the volume of natural gas that may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements, and market considerations.

Provincial Royalties and Incentives

General

In addition to federal regulation, each province has legislation and regulations that govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of crude oil, natural gas, natural gas liquids and sulphur production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee, although production from such lands is also subject to certain provincial taxes and royalties. Operations not on Crown lands and subject to the provisions of specific agreements are also usually subject to royalties negotiated between the mineral owner and the lessee. These royalties are not eligible for incentive programs sponsored by various governments as discussed below. Crown royalties are determined by governmental regulation and are generally calculated as a percentage of the value of the gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are from time to time carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests or net carried interests.

From time to time the governments of the western Canadian provinces have established incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. The programs are designed to encourage exploration and development activity by improving earnings and cash flow within the industry. Royalty holidays and reductions would reduce the amount of Crown royalties paid by oil and natural gas producers to the provincial governments and would increase the net income and funds from operations of such producers. However, the trend in recent years has been for provincial governments to allow such incentive programs to expire without renewal, and consequently few such incentive programs are currently operative.

Saskatchewan

In Saskatchewan, crude oil Crown royalties and freehold production tax depend on the current market price of oil, the classification and vintage of the oil and the quantity of oil produced in a month. Crude oil is classified as "**heavy oil**", "**southwest designated oil**" or "**non-heavy oil other than southwest designated oil**", and the vintage classifications ("**fourth tier oil**", "**third tier oil**", "**new oil**" or "**old oil**") are applicable to each of these three crude oil types. Newly drilled oil wells in Saskatchewan qualify for "volume based" incentives ranging from 0 to 16,000 cubic metres, depending on the type of well (deep or non-deep, exploratory or development, and horizontal or vertical). Qualifying incentive volumes are subject to a maximum royalty rate of 2.5% and a freehold production tax rate of 0%.

Saskatchewan Crown royalties and freehold production tax on natural gas are price sensitive, depending also on the vintage of the natural gas, the quantity produced in a month, and whether the gas is associated (gas produced from oil wells) or non-associated. The vintage classifications of gas production are "fourth tier gas", "third tier gas", "new gas" and "old gas". Newly drilled qualifying exploratory gas wells in Saskatchewan qualify for a 25,000,000 cubic metre "volume based" incentive. The qualifying incentive volume is subject to a maximum Crown royalty rate of 2.5% and a freehold production tax rate of 0%.

Saskatchewan royalty payable on this production is 2.5% until 6,000 m3 (37,740 barrels) of oil have been produced. Production in excess of this threshold is subject to a royalty rate based on well productivity and oil prices, with a base royalty rate of 5%, which represents the minimum royalty rate, and a maximum marginal royalty rate of 30%.

As of December 31, 2012 TORC had no material properties in Saskatchewan.

Alberta

In Alberta, the Crown royalty rates on conventional oil and natural gas fluctuate, depending on when a well was drilled, well depth, well production volume and the price of oil and natural gas. On October 25, 2007, the Alberta Government introduced a new royalty regime which became effective on January 1, 2009 applicable to all conventional oil and natural gas wells in Alberta ("**New Royalty Regime**"). The New Royalty Regime assesses the applicable royalty rate on a well by well basis using a sliding scale which takes into account the price of oil and/or natural gas and the well's production volumes. On November 19, 2008 and November 24, 2008 the Alberta Government announced an optional transitional royalty program ("**Transitional Program**"). On March 11, 2010 the Alberta Government announced modifications to the New Royalty Regime and the Transitional Program ("**Modified Regime**").

Under the New Royalty Regime the royalty reserved to the Alberta Crown on conventional oil production ranges from zero percent (0%) to fifty percent (50%) and is capped at fifty percent once the price of conventional oil reaches $120 per barrel. The royalty applicable to natural gas production under the new royalty regime ranges from five percent (5%) to fifty percent (50%) and is capped once the price of natural gas reaches $17.75 per gigajoule. The new royalty regime has retained the Natural Gas Deep Drilling Program and the Deep Oil Exploration Program. The new royalty regime also sets royalties for natural gas liquids at forty percent (40%) for pentanes and thirty percent (30%) for butanes and propane.

The Modified Regime became effective on January 1, 2011 and reduces the maximum royalty rates under the New Royalty Regime as follows: for conventional oil production from fifty percent (50%) to forty percent (40%) and for natural gas from fifty percent (50%) to thirty six percent (36%). The Modified Regime also made permanent the 5% maximum royalty rate on the first 12 production months, 50,000 barrels of oil production or 500 million cubic feet (MMcfe) of gas production from a well, whichever is reached first.

The Transitional Program, as amended, applies to conventional oil and natural gas wells drilled to measured depths between 1,000 to 3,500 meters between November 19, 2008 and December 31, 2010. For each well, the producer can make a one time election to produce the well under the old royalty regime or the New Royalty Regime. As of January 1, 2014 all production subject to the Transitional Program will revert to the New Royalty Regime, as modified. The Natural Gas Deep Drilling and Deep Oil Exploration programs are not available to wells producing under the Transitional Program. Wells subject to the Transitional Program are permitted to switch to the Modified Regime after January 1, 2011.

For conventional oil produced under the Transitional Program, the royalty reserved to the Alberta Crown is variable depending on the pools' vintage (when the pool was discovered), oil density, well production volume, and the price of oil. The royalty is capped at thirty-five percent (35%), which maximum is reached at an oil price of approximately $30 per barrel, depending on other factors such as production rates.

For natural gas produced under the Transitional Program, the royalty reserved to the Alberta Crown varies depending on the vintage, production volume and the inflation adjusted price of gas less adjustments for the cost of processing the Crown's share of the gas. The royalty will vary between fifteen percent (15%) to thirty-five percent (35%). The maximum is reached at a natural gas price of approximately $3.70 per gigajoule, depending on other factors such as production rates.

British Columbia

Producers of oil and natural gas in British Columbia pay royalties and freehold production taxes in respect of oil and gas produced from Crown and freehold lands, respectively. The amount payable as a royalty in respect of oil depends on the vintage of the oil pool discovery (whether the oil was produced from a pool discovered before or after October 31, 1975), whether the oil is considered incremental or produced from a well shut-in for at least 36 months immediately preceding January 1, 1998 and which resumed production on or after such date, the quantity of oil produced in a month and the value of the oil. Oil produced from pools discovered after June 30, 1974 may be exempt from the payment of a royalty for the first 36 months of production. Subject to minimum royalties described in the following sentence, the royalty payable on natural gas is determined by a sliding scale based on a reference price which is the greater of the amount obtained by the producer and at prescribed minimum price. Gas produced in association with oil has a minimum royalty of 8% while the royalty in respect of other gas may not be less than 15%. British Columbia Crown natural gas basic royalty, for the example of Base 9 gas typical of new drilling prospects, ranges from 9% to 27%, based on gas price. Low productivity wells, marginal wells and ultra marginal wells will have their royalties reduced and will approach 0% as the production rate approaches zero. During 2008, the Deep Well Program was extended, which provides royalty credits for wells with vertical depths greater than 2,500 m, or for horizontal wells with completion point vertical depth greater than 2,300 m.

In 2009, the British Columbia government introduced the Infrastructure Royalty Credit program whereby companies can receive a credit on royalties of up to 50% of costs incurred to construct roads, pipelines, and facilities.

In August 2009 the Two Per Cent Royalty Relief Program was also introduced whereby wells spudded after August 31, 2009 and prior to July 1, 2010 are eligible for a 2% royalty credit. The wells must be producing by December 31, 2010.

As at December 31, 2012 TORC had no material properties in British Columbia.

Climate Change Regulation

Federal

In December 2002, the Government of Canada ratified the Kyoto Protocol ("**Kyoto Protocol**"), which requires a reduction in greenhouse gas emissions by signatory countries between 2008 and 2012. The Kyoto Protocol officially came into force on February 16, 2005 and commits Canada to reduce its greenhouse gas ("**GHG**") emissions levels to 6% below 1990 "business-as-usual" levels by 2012. In December of 2011, the Government of Canada announced that it would withdraw from the Kyoto Protocol.

On April 26, 2007, the Government of Canada released "**Turning the Corner: An Action Plan to Reduce Greenhouse Gases and Air Pollution**" (the "**Action Plan**") which set forth a plan for regulations to address both greenhouse gases and air pollution. An update to the Action Plan, "Turning the Corner: Regulatory Framework for Industrial Greenhouse Gas Emissions" was released on March 10, 2008 (the "**Updated Action Plan**"). Although draft regulations for the implementation of the Updated Action Plan were intended to be published in the fall of 2008 and become binding on January 1, 2010, only certain regulations related to the transport industry and clean fuels have been proposed to date. Further, representatives of the Government of Canada have indicated that the proposals contained in the Updated Action Plan will be modified to ensure consistency with the direction ultimately taken by the United States with respect to greenhouse gas emissions regulation. The stated goal of the Updated Action Plan, as currently drafted, is to reduce greenhouse gas emissions by 17% below 2005 levels by 2020 and 60-70% by 2050. As noted above, the goal has now been modified by the Government of Canada. The approach of the Unites States may include an absolute cap on emissions combined with allowances to be used for compliance that may be partially auctioned off to regulated entities. It is also unclear whether the approach adopted by the United States will provide for the payment into a technology fund as a compliance mechanism, as is currently permitted in Alberta and by the Updated Action Plan. As a result, many provisions of the Updated Action Plan are expected to be significantly modified.

It is expected that any regulations eventually implemented by the Government of Canada will have an impact of the oil and gas industry as a whole, which could result in increased costs for TORC to comply with such legislation. In the meantime, TORC will continue to monitor the policies of the Government of Canada and any resulting legislation with respect to GHG emissions. The US Environmental Protection Agency (“**EPA**”) is proceeding to regulate greenhouse gases under the Clean Air Act. This EPA action is subject to legal and political challenges, the outcome of which cannot be predicted. The ultimate form of Canadian regulation is anticipated to be strongly influenced by the regulatory decisions made within the United States. Various states have enacted or are evaluating low carbon fuel standards, which may affect access to market for crude oils with higher emissions intensity.

Alberta

Alberta enacted the *Climate Change and Emissions Management Act* (the "**CCEMA**") on July 1, 2007, amending it through the *Climate Change and Emissions Management Amendment Act* which received royal assent on November 4, 2008. The CCEMA is based on an emissions intensity approach similar to the Updated Action Plan and aims for a 50% reduction from 1990 emissions relative to GDP by 2020. Alberta facilities emitting more than 100,000 tonnes of greenhouse gases a year are subject to comply with the CCEMA. At this point TORC does not own or anticipate owning or operating any facilities which emit more than 100,000 tonnes of GHGs per year.

Saskatchewan

On May 11, 2009, the Government of Saskatchewan announced *The Management and Reduction of Greenhouse Gases Act* (the "**MRGGA**") to regulate GHG emissions in the province. The MRGGA has received royal assent but has not yet been proclaimed and so is not yet in force. It remains unclear to what degree a scheme implemented under the MRGGA will affect TORC.

British Columbia

In February, 2008, British Columbia announced a revenue-neutral carbon tax that took effect July 1, 2008. The tax is consumption-based and applied at the time of retail sale or consumption of virtually all fossil fuels purchased or used in British Columbia. The initial level of the tax was set at $10 per tonne of CO2 equivalent and rose to $15 per tonne of CO2 equivalent on July 1, 2009. It is scheduled to further increase at a rate of $5 per tonne of CO2 equivalent on July 1 of every year until it reaches $30 per tonne of CO2 equivalent on July 31, 2012. In order to make the tax revenue-neutral, British Columbia has implemented tax credits and reductions in order to offset the tax revenues that the Government of British Columbia would otherwise receive from the tax.

On April 3, 2008, British Columbia introduced the Greenhouse Gas Reduction (Cap and Trade) Act (the "**Cap and Trade Act**") which received royal assent on May 29, 2008 and will come into force by regulation of the Lieutenant Governor in Council. Unlike the emissions intensity approach taken by the federal government and the Government of Alberta, the Cap and Trade Act establishes an absolute cap on greenhouse gas emissions. It is expected that greenhouse gas emissions restrictions will be applied to facilities emitting more than 25,000 tonnes of CO2 equivalents per year, which will be required to meet established targets through a combination of emissions allowances issued by the Government of British Columbia and the purchase of emissions offsets generated through activities that result in a reduction in greenhouse gas emissions. Although more specific details of British Columbia's cap and trade plan have not yet been finalized, on January 1, 2010, new reporting regulations came into force requiring all British Columbia facilities emitting over 10,000 tonnes of CO2 equivalents per year to begin reporting their emissions. Facilities reporting more than 25,000 tonnes of CO2 equivalents per year are required to have their emissions reports verified by a third party.

Land Tenure

Crude oil and natural gas located in the western Canadian provinces is owned both by the respective provincial governments and by private individuals. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licenses and permits for varying periods and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments. Where oil and natural gas is privately owned, rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated.

RISK FACTORS

An investment in Common Shares would be subject to certain risks. Investors should carefully consider the following risk factors:

Operational Risks

Oil and natural gas exploration operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to oil and natural gas wells, producing facilities, other property and the environment or in personal injury. In accordance with industry practice, TORC is not fully insured against all of these risks, nor are all such risks insurable. Although TORC maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event TORC could incur significant costs that could have a materially adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations.

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to TORC and may delay exploration and development activities.

Oil and natural gas exploration and development activities are dependent on access to areas where operations are to be conducted. Seasonal weather variations, including freeze-up and break-up, affect access in certain circumstances. Unexpected adverse weather conditions, such as flooding or prolonged break-up, can have a significant negative impact on capital expenditures, operations and costs.

To the extent TORC is not the operator of its oil and natural gas properties, it is dependent on such operators for the timing of activities related to such properties and is largely unable to direct or control the activities of the operators. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. Although TORC intends to operate the majority of its properties, there is no guarantee that it will remain operator of such properties or that TORC will operate other properties it may acquire in the future.

In addition, the success of TORC will be largely dependent upon the performance of its management and key employees. TORC does not have any key man insurance policies and, therefore, there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on TORC.

TORC's ability to market oil and natural gas from its wells also depends upon numerous other factors beyond its control, including, among other things, the availability of natural gas processing and storage capacity, the availability of pipeline capacity, the price of oilfield services and the effects of inclement weather. Because of these factors, TORC may be unable to market some or all of the oil and natural gas it produces or to obtain favourable prices for the oil and natural gas it produces.

Sour Natural Gas

TORC's southern Alberta properties include wells that produce sour natural gas and facilities that process sour natural gas, and future properties may contain such wells or facilities. An accidental discharge or leak of sour natural gas can be fatal or cause serious injury. The dangers associated with drilling for, producing, processing and transporting sour natural gas necessitate increased environmental, health and safety compliance costs to TORC and any accidental discharge or leak of sour natural gas could lead to significant liabilities to TORC. TORC has implemented policies and protocols to address this risk, but it is not possible for any issuer to eliminate all of the risks associated with producing, processing and transporting sour natural gas.

Environmental Concerns

Many aspects of the oil and natural gas business present environmental risks and hazards, including the risk that TORC may be in noncompliance with an environmental law, regulation, permit, licence, or other regulatory approval, possibly unintentionally or without knowledge. Such risks may expose TORC to fines or penalties, third party liabilities or to the requirement to remediate, which could be material.

The operational hazards associated with possible blowouts, accidents, oil spills, natural gas leaks, fires, or other damage to a well or a pipeline may require TORC to incur costs and delays to undertake corrective actions, could result in environmental damage or contamination or could result in serious injury or death to employees, consultants, contractors or members of the public, creating the potential for significant liability to TORC. Also, the occurrence of any such incident which is located in a populated area, could damage TORC's reputation in the surrounding communities and make it more difficult for TORC to pursue its operations in those areas.

Compliance with environmental laws and regulations could materially increase TORC's costs. TORC may incur substantial capital and operating costs to comply with increasingly complex laws and regulations covering the protection of the environment and human health and safety. In particular, TORC may be required to incur significant costs to comply with future federal or provincial greenhouse gas emissions reduction requirements or other regulations, if enacted.

Although TORC maintains insurance consistent with prudent industry practice, it is not fully insured against certain environmental risks, either because such insurance is not available or because of high premium costs. In particular, insurance against risks from environmental pollution occurring over time (as opposed to sudden and catastrophic damages) is not available on economically reasonable terms. Accordingly, TORC's properties may be subject to liability due to hazards that cannot be insured against, or that have not been insured against due to prohibitive premium costs or for other reasons. It is also possible that changing regulatory requirements or emerging jurisprudence could render such insurance of less benefit to TORC.

Hydraulic Fracturing

The proliferation of the use of hydraulic fracturing as a recovery technique employed in oil and natural gas drilling has given rise to increased public scrutiny of its environmental aspects, particularly with respect to its potential impact on local aquifers. TORC utilizes hydraulic fracturing in a significant portion of the light oil wells it drills and completes. Negative public perception of hydraulic fracturing may place pressure on governments in the jurisdictions where TORC operates to implement additional regulatory requirements or limitations on the utilization of hydraulic fracturing, which in turn could restrict TORC's operations and increase its costs.

Availability of Services

The availability of the services necessary to drill and complete the types of horizontal oil wells that form a substantial portion of TORC 's planned exploration and development activities in 2013 remains constrained due to increased demand and competition for such services. Such constraint may increase the costs of such services or result in the delay of planned exploration and development activities.

Reserve Estimates

There are numerous uncertainties inherent in evaluating quantities of reserves and the net present value of future net revenue to be derived therefrom, including many factors beyond the control of TORC. The reserves information contained in the Sproule Report and set forth herein, including information respecting the net present value of future net revenue from reserves, represents an estimate only. This estimate is based on a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the Sproule Report was prepared and many of these assumptions are subject to change and are beyond the control of TORC. Ultimately, the actual reserves attributable to TORC's properties will vary from the estimates contained in the Sproule Report and those variations may be material and affect the market price of the Common Shares.

Reserve Replacement

TORC's future oil and natural gas reserves and production and the cash flows to be derived therefrom are highly dependent on successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves TORC may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in reserves will depend not only on TORC's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that TORC's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Industry Regulation and Competition

There is strong competition relating to all aspects of the oil and natural gas industry. TORC will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, access to processing facilities and pipeline and refining capacity, and in all other aspects of its operations with a substantial number of other organizations, many of which may have greater technical and financial resources than TORC. Some of those organizations not only explore for, develop and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a world-wide basis and as such have greater and more diverse resources on which to draw. TORC's ability to increase reserves and production in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

The marketability of oil and natural gas acquired or discovered will be affected by numerous factors beyond the control of TORC. These factors include reservoir characteristics, market fluctuations, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulation. Oil and natural gas operations (exploration, production, pricing, marketing, transportation and royalty rates) are subject to extensive controls and regulations imposed by various levels of government, including those described above under the heading "Industry Conditions", which may be amended from time to time. TORC's oil and natural gas operations may also be subject to compliance with federal, provincial and local laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. Changes to the regulation of the oil and gas industry in jurisdictions in which TORC operates may adversely impact TORC's ability to economically develop existing reserves and add new reserves.

Volatility of Oil and Natural Gas Prices and Markets

TORC's financial performance and condition are substantially dependent on the prevailing prices of oil and natural gas which are unstable and subject to fluctuation. Fluctuations in oil or natural gas prices could have an adverse effect on TORC's operations and financial condition and the value and amount of its reserves. Prices for crude oil fluctuate in response to global and North American supply of and demand for oil, market performance and uncertainty and a variety of other factors which are outside the control of TORC including, but not limited, to the world economy and OPEC's ability to adjust supply to world demand, government regulation, political stability and the availability of alternative fuel sources. In addition, the prices received for TORC for its oil are subject to differentials against such benchmarks as WTI and Edmonton Par which can fluctuate substantially and result in TORC realizing prices substantially below such benchmarks. Natural gas prices are influenced primarily by factors within North America, including North American supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources.

Decreases in oil and natural gas prices realized by TORC will result in a reduced net production revenue and may change the economics of producing from some wells, which could result in a reduction in the volume of TORC's reserves. Any further substantial declines in the prices of crude oil or natural gas could also result in delay or cancellation of existing or future drilling, development or construction programs or the curtailment of production. All of these factors could result in a material decrease in TORC's net production revenue, cash flows and profitability causing a reduction in its oil and gas acquisition and development activities. In addition, bank borrowings available to TORC will in part be determined by TORC's borrowing base. A sustained material decline in prices from historical average prices could further reduce such borrowing base, therefore reducing the bank credit available and could require that a portion of its bank debt be repaid.

TORC may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, TORC will not benefit from such increases.

Variations in Foreign Exchange Rates and Interest Rates

TORC's expenses will be denominated in Canadian dollars, while the price of oil and natural gas will generally be denominated in U.S. dollars or impacted by the Canadian dollar to U.S. dollar exchange rate. As the exchange rate for the Canadian dollar versus the U.S. dollar increases, TORC will generally receive fewer Canadian dollars for its production. If the value of the Canadian dollar against the U.S. dollar increases, the financial results of TORC may be negatively affected. TORC's management may initiate certain hedges to mitigate these risks. Future fluctuations in the Canadian/United States foreign exchange rate may impact the future value of TORC's reserves as determined by independent evaluators. In addition, variations in interest rates could result in a significant change in the amount TORC will pay to service debt, potentially adversely affecting the value of the Common Shares.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It is likely that the market price for the Common Shares will be subject to market trends generally, notwithstanding the financial and operational performance of TORC.

Substantial Capital Requirements; Liquidity

TORC may have to make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If revenues or reserves decline, TORC may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the company. Moreover, future activities may require TORC to alter its capitalization significantly. The inability of the company to access sufficient capital for its operations could have a material adverse effect on its financial condition, results of operations or prospects.

Issuance of Debt

From time to time TORC may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly through debt, which may increase debt levels above industry standards. TORC's articles and by-laws do not limit the amount of indebtedness it may incur. The level of TORC's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Abandonment and Reclamation Costs

TORC will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding abandonment and reclamation in respect of its properties, which abandonment and reclamation costs may be substantial. A breach of such legislation or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made.

Possible Failure to Realize Anticipated Benefits of Future Acquisitions

TORC may complete acquisitions to strengthen its position in the oil and natural gas industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as TORC's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management’s focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect TORC's ability to achieve the anticipated benefits of these and future acquisitions.

Delay in Cash Receipts and Credit Worthiness of Counterparties

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of TORC's properties, and by the operator to TORC, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of TORC's properties or the establishment by the operator of reserves for such expenses. In addition, the insolvency or financial impairment of any counterparty owing money to TORC, including industry partners and marketing agents, could prevent TORC from collecting such debts.

Dilution

Common Shares, including rights, warrants, incentive shares, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, TORC may issue additional Common Shares from time to time pursuant to TORC Option Plan or such other stock option plan or incentive share plan is adopted by TORC from time to time. The issuance of these Common Shares would result in dilution to holders of Common Shares.

Net Asset Value

TORC's net asset value will vary depending upon a number of factors beyond the control of TORC's management, including oil and natural gas prices. The trading price of the Common Shares is also determined by a number of factors which are beyond the control of management and such trading price may be greater than or less than the net asset value of TORC.

Reliance on Management

Shareholders will be dependent on the management of TORC in respect of the administration and management of all matters relating to TORC and its properties and operations. Investors who are not willing to rely on the management of TORC should not invest in Common Shares.

Permits and Licenses

The operations of TORC may require licenses and permits from various governmental authorities. There can be no assurance that TORC will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

Title to Properties

Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells as determined appropriate by management, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat a claim of TORC which could result in a reduction of TORC's interest in a property or well and the revenue received by TORC therefrom.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to resources and various properties in western Canada. Such claims, in relation to any of TORC's lands, if successful, could have an adverse effect on its operations.

Corporate Matters

To date, TORC has not paid any dividends on its outstanding Common Shares. Certain of the directors and officers of TORC are also directors and officers of other oil and gas companies involved in natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of TORC, as the case may be, and as officers and directors of such other companies.

Failure to Maintain Listing of the Common Shares

The Common Shares are currently listed for trading on the facilities of the TSX. The failure of TORC to meet the applicable listing or other requirements of the TSX in the future may result in the Common Shares ceasing to be listed for trading on the TSX, which would have a material adverse effect on the value of the Common Shares. There can be no assurance that the Common Shares will continue to be listed for trading on the TSX.

Structure of TORC

From time to time, TORC may take steps to organize its affairs in a manner that minimizes taxes and other expenses payable with respect to the operation of TORC and its subsidiaries. If the manner in which TORC structures its affairs is successfully challenged by a taxation or other authority, TORC and the holders of Common Shares may be adversely affected.

Changes in Legislation

It is possible that the Canadian federal and provincial government or regulatory authorities could choose to change the Canadian federal income tax laws, royalty regimes, environmental laws or other laws applicable to oil and gas companies and that any such changes could materially adversely affect TORC, its shareholders and the market value of the Common Shares.

LEGAL PROCEEDINGS

There are no legal proceedings involving claims for damages for which the potential exposure is more than 10% of TORC's current assets to which TORC is or was a party or in respect of which any of its properties are or were subject during the year ended December 31, 2012, nor are there any such proceedings known to TORC to be contemplated.

During the year ended December 31, 2012 there were (i) no penalties or sanctions imposed against TORC by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against TORC that it believes would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements entered into by TORC with a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

James Pasieka, the corporate secretary of TORC, is a partner of the law firm Heenan Blaikie LLP. TORC paid an aggregate of $553,444 in legal fees to Heenan Blaikie LLP during the year ended December 31, 2012, $701,346 in legal fees during the year ended December 31, 2011 and $27,388 in legal fees during the year ended December 31, 2010.

Except as disclosed above or as may be disclosed elsewhere in this Annual Information Form, none of the directors, officers or principal shareholders of TORC, and no associate or affiliate of any of them, has or has had any material interest in any transaction or any proposed transaction which has materially affected or is reasonably expected to materially affect TORC or any of its affiliates.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of TORC is KMPG LLP, Chartered Accountants. KPMG LLP has been the auditor of TORC since January 24, 2011. The former auditor of Vero Energy Inc. was Pricewaterhouse Coopers LLP.

The transfer agent and registrar for the Common Shares is Olympia Trust Company at its principal offices in Calgary, Alberta and Toronto, Ontario.

INTEREST OF EXPERTS

The Sproule Report was prepared by Sproule. As at March 6, 2013, the date of preparation of the Sproule Report, the directors, officers, employees and consultants of Sproule who participated in the preparation of the Sproule Report or who were in a position to directly influence the preparation or outcome of the preparation of the Sproule Report, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares.

An audit report contained in filings made by TORC under National Instrument 51-102 – Continuous Disclosure Requirements during the year ended December 31, 2012 was prepared by KPMG LLP. KPMG LLP was appointed auditor of TORC on January 24, 2011 and is independent of TORC pursuant to the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information concerning TORC may be found under TORC's profile on SEDAR at www.sedar.com. Additional information, including information concerning the Arrangement, directors' and officers' remuneration and indebtedness, principal holders of TORC's securities and securities authorized for issuance under equity compensation plans, is contained in the joint information circular of TORC Oil & Gas Ltd. and Vero Energy Inc. dated October 19, 2012 in respect of the special meetings of the shareholders of TORC Oil & Gas Ltd. and Vero Energy Inc. each held on November 16, 2012. Additional financial information is provided in TORC's comparative financial statements and management's discussion and analysis for the year ended December 31, 2012.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

TORC OIL & GAS LTD.

AUDIT COMMITTEE CHARTER

Role of the Audit Committee

The Audit Committee is a committee of the Board of Directors ("Board") of TORC Oil & Gas Ltd. (the "Corporation") to which the Board has delegated its fiduciary responsibility for oversight of the material financial risks of the Corporation. Financial risks include risk of: material misstatement in the financial statements or disclosures; and non-compliance with related regulations.

The Audit Committee ("Committee") carries out its responsibilities in cooperation with management, external auditors and external advisors on behalf of the Board. Following each meeting of the Committee, the Chairman of the Committee will make a report to the Board.

Composition of the Committee

The Chairman and members of the Committee are appointed by the Board and are required to be financially literate and independent of the Corporation.

- The Audit Committee shall consist of at least three independent directors.
- A director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

A director is independent if the director has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. In determining whether a director is independent of management, the Board shall make reference to National Instrument 52-110 – *Audit Committees* or the then current legislation, rules, policies and instruments of applicable regulatory authorities.

In order to be financially literate, a director must be, at a minimum, able to read and understand financial statements that present a breadth and complexity of accounting issues generally comparable to the breadth and complexity of issues expected to be raised by the Corporation's financial statements.

Chairman

The Board shall appoint the chairman of the Committee (the "**Chairman**"). The role of the Chairman is to act as leader of the Committee to manage and co-ordinate the meetings and activities of the Committee and to oversee the execution by the Committee of its duties and responsibilities.

If the Chairman of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen to preside by a majority of members of the Committee present at such meeting.

Authority of the Committee

The Committee shall have complete access to Company personnel and the books and records of the Corporation. The Committee has the authority to engage external advisors if necessary to discharge its responsibilities and has the authority to fix compensation and authorize payment.

Audit Committee Meetings

The Committee carries out its duties through scheduled regular scheduled meetings or special meetings that may be requested by the Board, officers of the Corporation or the external auditor.The schedule, time and location of regular Audit Committee meetings is determined by the Chairman of the Committee and they generally coincide with the timing of the quarterly financial statements, management discussion and analysis, and financial press release.

Notice and Conduct of Meetings

A. Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee. The auditors shall be given notice of each meeting of the Audit Committee at which financial statements of the Corporation are to be considered and such other meetings as determined by the Chair and shall be entitled to attend each such meeting of the Audit Committee.

B. Notice of a meeting of the Audit Committee shall:

- be in writing;
- state the nature of the business to be transacted at the meeting in reasonable detail;
- to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
- be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.

C. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of certain important matters by all members of the Audit Committee.

D. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities, as permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

E. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the Secretary of the meeting.

F. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Audit Committee; however the Audit Committee (i) shall meet with the external auditors independent of management as necessary, in the sole discretion of the Committee, but in any event, not less than quarterly; and (ii) may meet separately with management.

G. Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the Chair and the Secretary of the meeting.

Responsibilities of the Audit Committee

A. Committee Member Responsibilities

1) Knowledge of the business, financial and regulatory requirements

Committee members shall have and maintain a sufficient knowledge of company operations and changes in operations including the principal risks, systems and abilities of key personnel involved in financial reporting and disclosure processes to reasonably discharge their duties.

2) Independence

Audit Committee members have an obligation to remain independent of the affairs of the Corporation and shall disclose any circumstances that create a conflict of interest with role of a Committee member or may appear to create a conflict of interest.

B. Committee Responsibilities

The Audit Committee shall, in the exercise of its powers, authorities and discretion so authorized, conform to any regulations or restrictions that may from time to time be made or imposed upon it by the Board or the legislation, policies or regulations governing the Corporation and its business.

1) Management Oversight

It is the responsibility of the Audit Committee to satisfy itself on behalf of the Board that management has:

- identified the principal financial, regulatory and fraud risks; and,
- designed and implemented an adequate system of internal controls to mitigate the risks.

2) Review of the Corporation's Financial Statements & Disclosures

It is the responsibility of the Audit Committee to critically review the financial statements and disclosures of the Corporation and, if deemed appropriate, recommend the financial statements to the Board for approval. This process should also include but not be limited to review of:

- Changes in Accounting Policies
- Significant Management estimates
- Material or unusual transactions
- Material agreements

3) Review and Approve Significant Matters

It is the responsibility of the Audit Committee to review significant policies and matters that may materially impact financial statements and disclosures including but not limited to the following:

a) Accounting policies

The Audit Committee shall review the appropriateness of the accounting policies of the Corporation and approve significant policies.

b) Risk Management

The Audit Committee shall review the risk management policies and procedures of the Corporation (i.e. hedging, litigation, insurance and marketing counterparty credit risk), including the annual review of insurance coverage and make appropriate recommendations to the Board with respect thereto.

c) Limits of authority

The Audit Committee shall periodically review the manner of delegation and limits of authority that management has implemented throughout the Corporation.

d) Litigation

The Audit Committee shall review the status of outstanding litigation at each regular Committee meeting.

4) Accounting Principle Changes

The Audit Committee shall schedule periodic updates on changes in accounting principles, regulations and emerging issues that may be relevant to the Corporation.

5) External Audit Responsibilities

It is the responsibility of the Audit Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors shall report directly to the Audit Committee.

a) Appointment of external auditors

The Audit Committee shall:

- recommend to the Board the appointment of the external auditors;
- review the performance of the external auditors and make recommendations to the Board regarding the replacement or termination of the external auditors when circumstances warrant;
- oversee the independence of the external auditors by, among other things, requiring the external auditors to deliver to the Audit Committee, on a periodic basis, a formal written statement delineating all relationships between the external auditors and the Corporation and its subsidiaries;
- recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee; and,
- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

b) Annual Audit Plan review

Audit Committee shall review the annual audit plan with the external auditors; monitor progress; and, upon completion of the audit, review their reports on the financial statements of the Corporation and its subsidiaries. The review should consider scope, approach, audit team experience and fees.

c) Non-Audit Services

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by external auditors. The Audit Committee may delegate, to one or more members, the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting and such pre-approval and the member comply with such other procedures as may be established by the Audit Committee from time to time.

d) *Meet Separately from Management*

The Audit Committee shall meet with the external auditors apart from management at each regular meeting to receive assessments relating to audit scope limitations, management cooperation and any issues relating to financial competencies.

6) Recommendations to Board

The Audit Committee is responsible for reviewing financial statements, disclosures and other significant policies and providing recommendations to the Board. Standing recommendations include:

- Appointment of external auditors
- Approval of financial statements, MD&A and other disclosure documents.
- Significant policies

7) Complaint System (Whistleblower policy)

The Audit Committee shall establish and maintain procedures for:

- the receipt, retention and treatment of complaints received by the Corporation regarding ethical matters and business practices; and
- the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable ethical matters and business practices.

SCHEDULE "B"

REPORT ON RESERVES DATA BY SPROULE ASSOCIATES LIMITED

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Form 51-101F2

Report on Reserves Data
by Independent Qualified Reserves Evaluator or Auditor

Report on Reserves Data

To the Board of Directors of TORC Oil and Gas Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2012. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us as of December 31, 2012, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)			
			Audited (M$)	Evaluated (M$)	Reviewed (M$)	Total (M$)
Sproule	Evaluation of the P&NG Reserves of TORC Oil and Gas Ltd., As of December 31, 2012, prepared December 2012 to March 2013	Canada				
Total			**Nil**	**303,025**	**Nil**	**303,025**

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.

7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule Associates Limited
Calgary, Alberta
March 06, 2013

Original Signed by Robert R. Warholm, P.Eng.

Robert R. Warholm, P.Eng.
Manager, Quality and Assurance, and Partner

Original Signed by Meghan M. Klein, P.Eng.

Meghan M. Klein, P.Eng.
Petroleum Engineer and Partner

Original Signed by Ian K. Kirkland, P.Geol.

Ian K. Kirkland, P.Geol.
Senior Petroleum Geologist and Partner

Original Signed by Harry J. Helwerda, P.Eng., FEC

Harry J. Helwerda, P.Eng., FEC
Executive Vice-President and Director

SCHEDULE "C"

REPORT OF MANAGEMENT AND DIRECTORS ON RESERVES DATA AND OTHER INFORMATION

Terms to which a meaning is ascribed in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities have the same meaning herein.

Management of TORC Oil & Gas Inc. (the "**Corporation**") is responsible for the preparation and disclosure of information with respect to TORC's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed TORC's reserves data. The report of the independent qualified reserves evaluator is presented in Schedule "B" to the Annual Information Form of TORC for the year ended December 31, 2012 (the "**AIF**").

The Reserves Committee of the Board of Directors of TORC has:

(a) reviewed TORC's procedures for providing information to the independent qualified reserves evaluator, Sproule Associates Limited ("**Sproule**");

(b) met with Sproule to determine whether any restrictions affected the ability of Sproule to report without reservation; and

(c) reviewed the reserves data with management and with Sproule.

The Reserves Committee of the Board of Directors has reviewed TORC's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1, incorporated into the AIF, containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2, which is the report of Sproule on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(signed) "Brett Herman"
Brett Herman, President & Chief Executive Officer

(signed) "Mike Wihak"
Mike Wihak, Vice-President, Production

(signed) "David Johnson"
David Johnson, Director & Chairman of the Reserves Committee

(signed) "Dale Shwed"
Dale Shwed, Director

March 28, 2013

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