

PRESS RELEASE

July 25, 2016

TORC OIL & GAS ANNOUNCES STRATEGIC ACQUISITIONS IN SOUTHEAST SASKATCHEWAN, BOUGHT DEAL FINANCING, CONCURRENT PRIVATE PLACEMENT TO CORNERSTONE INVESTOR AND INCREASE TO 2016 PRODUCTION GUIDANCE

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CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX:TOG) is pleased to announce that it has entered into an agreement with an independent Canadian oil and gas company to acquire high quality, light oil assets which are complementary to TORC's existing assets in southeast Saskatchewan. The strategic acquisition (the "SE Saskatchewan Acquisition") includes 1,120 boepd (~95% light oil and liquids) of low decline, high netback, light oil producing assets (the "SE Saskatchewan Assets"). Total consideration for the SE Saskatchewan Acquisition is \$89.5 million, prior to customary closing adjustments, payable in cash.

TORC is also pleased to announce that it has completed a series of tuck-in acquisitions in the first half of 2016 for cash consideration of approximately \$6.0 million (the "Tuck-in Acquisitions", together with the SE Saskatchewan Acquisition, the "Acquisitions"). The Tuck-in Acquisitions include approximately 80 boepd (~98% light oil) and added significant drilling inventory, primarily in southeast Saskatchewan and also in the Cardium core area (the "Tuck-in Assets" together with the SE Saskatchewan Assets, the "Acquired Assets").

TORC has entered into an agreement for a \$75,012,000 bought deal financing (the "Bought Deal Financing") through a syndicate of underwriters led by Macquarie Capital Markets Canada Ltd. (the "Underwriters") pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 10,640,000 common shares of the Company ("Common Shares") at a price of \$7.05 per Common Share for total gross proceeds of \$75,012,000. The Underwriters will have an option to purchase up to an additional 1,596,000 Common Shares issued under the Bought Deal Financing to cover over-allotments, if any, exercisable in whole or in part at any time until 30 days after the closing date. TORC's cornerstone investor, the Canada Pension Plan Investment Board ("CPPIB") has also committed to invest \$25,000,005 through a concurrent private placement of 3,546,100 Common Shares at a price of \$7.05 per Common Share (the "CPPIB Investment", together with the Bought Deal Financing, the "Financings"). The maximum gross proceeds that could be raised under the Financings is approximately \$111.3 million should the over-allotment option be exercised in full.

The Acquisitions and the Financings further strengthen TORC's business model which is focused on delivering disciplined growth and a sustainable dividend to shareholders.

THE ACQUISITIONS

The Acquired Assets are 96% light oil and liquids providing for a high operating netback and increase TORC's light oil and liquids weighting to 88%. The Acquired Assets are high quality conventional Frobisher and Midale light oil pools that have seen minimal capital expenditures in the last two years. The Acquired Assets have an established decline profile of less than 15%, further solidifying TORC's underlying production base and providing a dependable free cash flow stream.

TORC has identified approximately 50 net high quality light oil drilling locations (28 net unbooked) on the Acquired Assets. The Acquired Assets are greater than 90% operated, providing development control over the long term. The majority of the identified locations are low risk infill locations in established high quality conventional light oil pools which are expected to provide attractive economics even in a lower commodity price environment. Based

on the low established decline of the Acquired Assets, it is expected that minimal capital will be required to maintain production, providing TORC with a strong platform for sustainability and growth.

In addition to the identified low risk development drilling inventory, TORC believes there is significant upside associated with the Acquired Assets through down spacing as well as pool and resource extension opportunities on the undeveloped acreage acquired.

With TORC having a long history of operating properties in the areas in which the Acquired Assets are located, integration and go-forward operations are expected to be seamless.

Overall, the Acquisitions are consistent with TORC's strategy to capitalize on opportunities to enhance the quality of the Company's business model and asset base throughout the commodity price cycle. The Acquisitions are accretive on all key per share measures on a leverage neutral basis and are expected to improve TORC's decline profile, operating netback and light oil drilling inventory, further strengthening TORC's disciplined growth plus sustainable dividend business model.

The Acquisitions have the following characteristics:

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| Total Transaction Price | \$95.5 million |
| Production ⁽¹⁾ | 1,200 boepd (~96% oil and liquids) |
| Total Proved Developed Producing Reserves ⁽²⁾ | 3.3 mmbob |
| Total Proved Reserves ⁽²⁾ | 4.6 mmbob |
| Proved plus Probable Reserves ⁽²⁾ | 6.1 mmbob |
| Average Crude Oil Quality | 33 degree API |
| Undeveloped Lands | 29,881 net acres |
| Development Locations | 50 net undrilled locations (28 unbooked) |
| Reserve Life Index (P+P) ⁽³⁾ | Approximately 13.9 years |
| Decline Rate | Less than 15% |

Notes:

- (1) Based on current field estimates as of July, 2016.
- (2) All reserves information in this press release are gross reserves. Gross reserves for the Acquired Assets, are the Acquired Assets' total working interest reserves before the deduction of any royalties and including any royalty interests receivable on the Acquired Assets.
- (3) Reserve estimates are based on TORC's internal evaluation and were prepared by a qualified reserves evaluator in accordance with National Instrument 51-101 ("NI 51-101") and the COGE Handbook effective May 31, 2016.
- (4) Reserve life index in this press release is calculated by dividing estimated reserves by estimated current production.

The SE Saskatchewan Acquisition has an effective date of July 1, 2016 and is expected to close in early September 2016, subject to customary conditions and regulatory approvals including the approval of the Toronto Stock Exchange (the "TSX") and the required approval under the *Competition Act* (Canada).

THE FINANCINGS

TORC has entered into an agreement for a \$75,012,000 bought deal financing through a syndicate of Underwriters led by Macquarie Capital Markets Canada Ltd. pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 10,640,000 Common Shares at a price of \$7.05 per Common Share for total gross proceeds of \$75,012,000. The Underwriters will have an option to purchase up to an additional 1,596,000 Common Shares issued under the Bought Deal Financing to cover over-allotments, if any, exercisable in whole or in part at any time until 30 days after the closing date.

The Common Shares will be distributed by way of a short form prospectus in all provinces of Canada and in the United States and certain other jurisdictions as the Company and the Underwriters may agree on a private

placement basis. Completion of the Bought Deal Financing is subject to certain conditions including the receipt of all necessary regulatory approvals, including the approval of the TSX. Closing of the Bought Deal Financing is expected to occur on or about August 16, 2016.

TORC has also entered into an agreement with CPPIB whereby CPPIB has committed to subscribe for, on a private placement basis, 3,546,100 Common Shares at a subscription price of \$7.05 per Common Share for aggregate gross proceeds of \$25,000,005. Completion of the CPPIB Investment is subject to various conditions, including the negotiation and execution of a formal agreement in respect of such subscription by CPPIB, the concurrent closing of the Bought Deal Financing and receipt of all necessary regulatory approvals. Pro forma the Financings, CPPIB is expected to maintain its ownership of TORC of approximately 25 percent of TORC's outstanding Common Shares.

The net proceeds from the Financings will initially be used to reduce indebtedness under the Company's credit facility which will subsequently be re-drawn to fund the purchase price of the SE Saskatchewan Acquisition.

This press release is not an offer of the Common Shares for sale in the United States. The Common Shares may not be offered or sold in the United States absent registration or an exemption from registration. The Common Shares will not be publicly offered in the United States. The Common Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws.

DISCIPLINED BUDGET

Following completion of the SE Saskatchewan Acquisition, TORC intends to maintain the previously announced 2016 capital budget of \$90 million. The capital budget remains approximately 70% weighted to the second half of the year providing the operational flexibility to adjust the current 2016 budget to continue to prudently protect the Company's financial flexibility in a sustained low price environment but also take advantage of potential improvement in crude oil prices. Further cost savings combined with operational efficiencies are expected to continue during 2016 and TORC will incorporate these savings into the budget as they are realized during the year.

TORC's 2016 capital budget demonstrates a measured approach to the current uncertainty in the world oil price environment and reflects a balance between managing long term organic production growth, protecting the Company's strong financial position and sustaining the dividend.

Increased Production Guidance

Pro forma the Acquisitions, TORC anticipates that the 2016 budget will result in 2016 exit production of greater than 19,400 boepd (88% light oil and liquids) from 18,200 boepd (87% light oil and liquids) previously.

Dividend

TORC's dividend is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. TORC's current dividend policy is \$0.02 per share per month. TORC is committed to maintaining a disciplined approach during the current volatility in the world oil markets. TORC's priorities are to act prudently to protect TORC's financial flexibility while positioning the Company to continue to achieve per share growth over the long term while paying out a sustainable dividend.

OUTLOOK

TORC has built a sustainable growth platform of light oil focused assets. The stability of the high quality, low decline, light oil assets in southeast Saskatchewan and the low risk Cardium development inventory in central Alberta, combined with exposure to the emerging light oil resource play in the Torquay/Three Forks in southeast Saskatchewan, positions TORC to provide value creation through a disciplined long term focused growth strategy with a sustainable dividend.

Pro forma the Acquisitions and the Financings, TORC will have the following key operational and financial attributes:

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| High Netback Production ⁽¹⁾ | 2016E Average: 18,500 boepd 2016E Exit: 19,400 boepd |
| Total Proved plus Probable Reserves ⁽²⁾ | Greater than 96 mmboe (84% light oil & liquids) |
| Cardium Light Oil Development Inventory | Greater than 290 net undrilled locations |
| Southeast Saskatchewan Light Oil Development Inventory | Greater than 400 net undrilled locations |
| Sustainability Assumptions ⁽³⁾ | Corporate decline ~23% Capital Efficiency ~\$22,000/boepd (IP 365) |
| 2016 Capital Program | \$90 million |
| Annual Dividend (paid monthly) | \$0.02 per share \$43.0 million \$28.0 million (net of assumed 35% SDP participation) |
| Net Debt & Bank Debt ⁽⁴⁾ | Less than \$300 million |
| Shares Outstanding ⁽⁵⁾ | 179.4 million (basic) |
| Tax Pools | Approximately \$1.6 billion |

Notes:

- (1) ~88% light oil & NGLs.
- (2) All reserves information in this press release are gross reserves. The reserve information in the foregoing table is derived (i) in respect of our reserves as at December 31, 2015, from the independent engineering report effective December 31, 2015 prepared by Sproule & Associates Limited ("Sproule") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "TORC Reserve Report"); and (ii) in respect of the reserves associated with the Acquired Assets as at May 31, 2016 based on TORC's internal evaluation prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook. Since the reserves reflected in the above table were estimated as at different dates, they have been generated based on different assumptions in respect of commodity pricing among other metrics. As a result, the presentation of our reserves on a consolidated pro forma basis for the Acquisitions would not reflect the actual combined estimated of our reserves and those of the Acquired Assets at December 31, 2015 and should not necessarily be viewed as predictive of our reserves and future production.
- (3) Refers to full cycle capital efficiency which is the all-in corporate capital budget divided by the IP365 of the associated wells.
- (4) As at June 30, 2016 and assuming that the over allotment option is exercised in full.
- (5) Assumes the over allotment option is exercised in full.

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READER ADVISORIES

Forward Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans, strategy, business model, focus, objectives and other aspects of TORC's anticipated future operations and financial, operating and drilling and development plans and results, including, expected future production, production mix, reserves, drilling inventory, net debt, bank indebtedness, cash flow, operating netbacks, decline rate and decline profile, product mix, capital expenditure program, capital efficiencies, commodity prices, targeted growth, tax pools, operating, drilling and development plans and the timing thereof, and expected SDP participation. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: anticipated potential of and opportunities associated with the Acquired Assets, drilling inventories, decline rates, estimated economic returns and netbacks, future cash flow, integration and go-forward operations and development opportunities, and the closing and timing of closing of the Acquisition and the Financings, the use of proceeds of the Financings, future payout ratio, exchange rates, reserve life index and development and drilling plans, the focus and allocation of TORC's 2016 capital budget; anticipated average and exit production rates, tax pools, management's view of the characteristics and quality of the opportunities available to the Company; TORC's dividend policy and plans; and other matters ancillary or incidental to the foregoing.

Forward-looking information typically uses words such as "anticipate", "believe", "project", "target", "guidance", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. The forward-looking information is based on certain key expectations and assumptions made by TORC's management, including expectations concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; capital efficiencies; decline rates; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to market oil and natural gas successfully; TORC's ability to access capital and the completion of the SE Saskatchewan Acquisition and the Financings on the terms and timing contemplated.

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

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because TORC can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide securityholders with a more complete perspective on TORC's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect TORC's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and TORC disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Dividends

The payment and the amount of dividends declared in any month will be subject to the discretion of the board of directors and will depend on the board of director's assessment of TORC's outlook for growth, capital expenditure requirements, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.

Non-GAAP Measures

This press release contains the terms "net debt" and "payout ratio". Management uses these financial measures to analyze operating performance and leverage. These measures do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures for other companies.

TORC uses net debt to analyze financial, operating performance, and liquidity and leverage. TORC feels this benchmark is a key measure of profitability and overall sustainability for TORC. Both of these terms are commonly used in the oil and gas industry. Net debt is not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Net debt is calculated as bank debt plus working capital deficiency or minus working capital surplus (adjusted for fair value of financial instruments and the current portion of decommissioning obligation). Payout ratio is a non-GAAP measure and is calculated as cash dividends plus development capital, divided by funds flow. The Company considers this to be a key measure of sustainability.

Oil and Gas Advisories

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

Individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation.

This press release discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the TORC Reserve Report and in respect of the reserves associated with the Acquired Assets as at May 31, 2016 based on TORC's internal evaluation prepared by a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 50 total net drilling locations identified within the Acquired Assets, 20 are net proved locations, 2 are net probable locations and 28 are net unbooked locations. Of the 690 total net drilling locations identified within TORC's Cardium light oil development inventory and pro forma southeast Saskatchewan light oil development inventory, 208 are net proved locations, 74 are net probable locations and 408 are net unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled, there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Boe means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6: 1, using a conversion on a 6: 1 basis may be misleading as an indication of value.

This press release contains certain oil and gas metrics, including reserve life index, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate our performance however, such measures are not reliable indicators of our future performance and future performance may not compare to our performance in previous periods and therefore such metrics should not be unduly relied upon. Reserve life index in this press release is calculated by dividing estimated reserves by estimated production.