

PRESS RELEASE

August 8, 2018

**TORC OIL & GAS LTD. ANNOUNCES SECOND QUARTER 2018 FINANCIAL & OPERATIONAL RESULTS;
ACQUISITION OF UNCONVENTIONAL MIDALE FOCUSED COMPANY; AND INCREASE TO 2018 GUIDANCE**

CALGARY, ALBERTA - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce its financial and operating results for the three and six months ended June 30, 2018. The associated management's discussion and analysis ("MD&A") and unaudited interim financial statements as at and for the three and six months ended June 30, 2018 can be found at www.sedar.com and www.torcoil.com.

Highlights	Three months ended			Six months ended	
	June 30 2018	March 31 2018	June 30 2017	June 30 2018	June 30 2017
<i>(in thousands, except per share data)</i>					
Financial					
Adjusted funds flow, including transaction related costs ⁽¹⁾	\$74,637	\$64,012	\$52,471	\$138,649	\$103,954
Per share basic	\$0.38	\$0.33	\$0.28	\$0.70	\$0.56
Per share diluted	\$0.37	\$0.32	\$0.28	\$0.69	\$0.56
Adjusted funds flow, excluding transaction related costs ⁽¹⁾	\$75,337	\$64,012	\$52,471	\$139,349	\$103,954
Per share basic	\$0.38	\$0.33	\$0.28	\$0.71	\$0.56
Per share diluted	\$0.38	\$0.32	\$0.28	\$0.70	\$0.56
Net income	\$13,321	\$5,224	\$2,532	\$18,545	\$5,276
Per share basic	\$0.07	\$0.03	\$0.01	\$0.09	\$0.03
Per share diluted	\$0.07	\$0.03	\$0.01	\$0.09	\$0.03
Exploration and development expenditures	\$30,004	\$41,670	\$17,166	\$71,674	\$49,385
Property acquisitions, net of dispositions	\$227,214	\$2,694	\$29,105	\$229,908	\$28,978
Net debt ⁽²⁾	\$367,035	\$269,521	\$241,912	\$367,035	\$241,912
Cash dividends declared ⁽³⁾	\$9,071	\$7,908	\$7,543	\$16,979	\$14,526
Dividends declared per common share	\$0.064	\$0.060	\$0.060	\$0.124	\$0.120
Common shares					
Shares outstanding, end of period	210,812	196,658	187,402	210,812	187,402
Weighted average shares (basic)	197,423	196,350	186,893	196,890	185,216
Weighted average shares (diluted)	200,787	198,835	188,456	200,153	187,045
Operations					
Production					
Crude oil (Bbls per day)	18,850	18,827	17,677	18,839	17,200
NGL (Bbls per day)	1,282	1,160	739	1,222	663
Natural gas (Mcf per day)	17,560	17,441	14,156	17,500	14,586
Barrels of oil equivalent (Boepd, 6:1)	23,059	22,894	20,775	22,978	20,294
Average realized price					
Crude oil (\$ per Bbl)	\$75.44	\$67.46	\$57.32	\$71.47	\$58.15
NGL (\$ per Bbl)	\$31.13	\$26.60	\$18.20	\$28.99	\$23.20
Natural gas (\$ per Mcf)	\$0.84	\$1.72	\$2.33	\$1.28	\$2.36
Barrels of oil equivalent (\$ per Boe, 6:1)	\$64.04	\$58.13	\$51.01	\$61.12	\$51.74

Operating netback per Boe (6:1)					
Operating netback ⁽¹⁾	\$38.82	\$33.64	\$30.34	\$36.26	\$30.84
Operating netback (prior to hedging) ⁽¹⁾	\$39.28	\$33.69	\$30.34	\$36.52	\$30.84
Adjusted funds flow netback per Boe (6:1)					
Including transaction related costs ⁽¹⁾	\$35.57	\$31.07	\$27.75	\$33.34	\$28.30
Excluding transaction related costs ⁽¹⁾	\$35.90	\$31.07	\$27.75	\$33.51	\$28.30
Wells drilled:					
Gross	8	26	3	34	25
Net	7.0	18.6	1.9	25.6	17.9
Success (%)	100	100	100	100	100

⁽¹⁾ Management uses these financial measures to analyze operating performance and leverage. The definitions of these measures are found in the Company's Management's Discussion and Analysis ("the MD&A") for the three and six months ended June 30, 2018. These measures do not have any standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculation of similar measures for other companies.

⁽²⁾ Net debt is calculated as current assets (excluding financial derivative assets) less: i) current liabilities (excluding financial derivative liabilities), and ii) bank debt.

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

PRESIDENT'S MESSAGE

The second quarter of 2018 represents the continued execution of TORC's business plan. TORC maintains a focus on the Company's long term objectives of disciplined growth while maintaining financial flexibility and providing a sustainable dividend.

TORC's disciplined approach, focused on executing efficient capital programs, prudent financial management and maintaining a low underlying decline profile, positions the Company to take advantage of strategic opportunities as they arise. This positioning has been realized during and subsequent to the second quarter of 2018, through two strategic acquisitions of high quality southeast Saskatchewan conventional and unconventional light oil assets. TORC will continue to be disciplined and focused while being proactive to further position and complement the Company's asset base and business model.

The Company's key achievements in the second quarter of 2018 included the following:

- Achieved record quarterly production of 23,059 boepd, up from 22,894 boepd in the first quarter of 2018 and 20,775 boepd in the second quarter of 2017;
- Generated cash flow of \$75.3 million relative to \$64.0 million in the first quarter of 2018 and \$52.5 million in the second quarter of 2017;
- Generated cash flow per share of \$0.38 as compared to \$0.33 in the first quarter of 2018 and \$0.28 in the second quarter of 2017;
- Successfully drilled 8 (7.0 net) wells and completed 7 (6.25 net) wells;
- During the second quarter, TORC declared dividends of \$12.9 million of which \$3.8 million was paid under the share dividend program;
- Achieved a payout ratio (excluding acquisitions) of 52% in the second quarter and 61% for the first half while still growing production (exclusive of acquisitions);
- On June 27th, TORC successfully closed the strategic acquisition of approximately 3,200 boepd of light oil focused production in the Company's southeast Saskatchewan core area for aggregate consideration comprised of the issuance of 13.5 million TORC common shares and \$125.0 million in cash, prior to closing adjustments. Subsequent to the closing, the 13.5 million TORC common shares issued cleared through a successful block trade. As part of the block trade, TORC's major shareholder, the Canada Pension Plan Investment Board, increased their ownership position from approximately 24% to 28% currently;
- Exited the quarter with net debt of approximately \$367 million with \$324 million drawn on the Company's \$500 million credit facility; and
- Subsequent to the end of the second quarter, TORC closed the acquisition of a private company with complementary operations which are primarily focused on the unconventional Midale light oil play in southeast Saskatchewan. The strategic acquisition includes 4.0 mmbob of P+P reserves and over 1,000 boepd of high quality, high netback, light oil producing assets for aggregate consideration comprised of the issuance of 2.1 million TORC common shares and \$46.5 million in cash.

OPERATIONAL UPDATE

TORC achieved production of 23,059 boepd during the second quarter, up from 22,894 boepd in the first quarter, representing the Company's 24th consecutive quarter of growth. The continued outperformance of the Company's existing low decline production base combined with a successful drilling program continues to deliver consistent and predictable results.

TORC spent a total of \$30 million of exploration and development capital in the second quarter. Combined with the first quarter, total first half capital spending was \$72 million, representing approximately 40% of TORC's 2018 capital budget. With approximately 60% of the capital program planned for the second half of the year, TORC remains well positioned to achieve the Company's production guidance.

SOUTHEAST SASKATCHEWAN

TORC participated in the drilling of 4 (3.0 net) conventional wells in the second quarter following an active first quarter which included the drilling of 10 (6.9 net) conventional wells. With a total of 51 (41.6 net) wells budgeted to be drilled in 2018, 37 (31.7 net) additional conventional wells are planned to be drilled in the second half of 2018. During the second quarter, 2 (1.75 net) conventional wells were completed and have recently been brought on production.

On the Company's unconventional asset base in southeast Saskatchewan, TORC drilled 3 (3.0 net) development wells in the Torquay/Three Forks resource play during the second quarter of 2018. During the second quarter, 4 (3.5 net) Torquay/Three Forks wells were completed and have been brought on production. In the second half of 2018, 6 (6.0 net) Torquay wells are scheduled to be drilled for a total of 15 (13.0 net) wells this year.

On the unconventional Midale light oil resource play in southeast Saskatchewan, TORC drilled 1 (1.0 net) well during the second quarter for a total of 6 (4.3 net) wells in the first half. During the second quarter, 1 (1.0 net) unconventional Midale well was completed and has been recently brought on production. The Company plans to drill 9 (6.9 net) unconventional Midale wells spread across the Company's land position for both the development and further delineation of the play during the second half of 2018. Through the continued consolidation and delineation of this play, TORC has increased the total number of identified undrilled locations on the Company's land base to 175.

CARDIUM

In 2018, TORC has budgeted to drill 11 (10.4 net) Cardium wells. As planned, the Company drilled 5 (4.4 net) wells in the first half of 2018, all in the first quarter. TORC's Cardium program includes drilling an additional 6 (6.0 net) wells.

STRATEGIC ACQUISITION

TORC is pleased to announce that subsequent to the second quarter, the Company completed the acquisition of Villanova 4 Oil Corp. ("V4" or "Acquisition"), a private oil company with complementary high quality, light oil assets in southeast Saskatchewan. The strategic acquisition of V4 includes over 1,000 boepd (~80% light oil and liquids) of high netback, light oil producing assets which are primarily focused in the emerging unconventional Midale play. The assets enhance TORC's high quality inventory in this play along with providing infrastructure synergies. Aggregate consideration for the Acquisition is comprised of the issuance of 2.1 million TORC common shares and \$46.5 million in cash.

CAPITAL PROGRAM

With the closing of the latest Acquisition, TORC is increasing the Company's 2018 capital budget to \$185 million from \$180 million previously. The 2018 capital program will remain concentrated on the Company's primary core areas in southeast Saskatchewan, focused on both conventional and unconventional opportunities, and the Cardium play in central Alberta. TORC continues to focus on operational efficiencies with a goal of achieving results that exceed budget expectations.

The revised program maintains TORC's balanced approach where the Company continues to focus on disciplined long term organic growth, maintaining a consistent production decline, and protecting the Company's strong financial position to maintain repeatability of the business model.

Based on current commodity prices and budgeted cost structure, TORC expects to achieve significant free cash flow in 2018 while growing production and paying the current dividend.

TORC has undertaken an active commodity hedging program to further protect our core capital spending requirements and dividend policy and currently has 4,750 bopd of oil production hedged through the remainder of 2018. A current hedging schedule can be found in TORC's corporate presentation at www.torcoil.com.

INCREASED PRODUCTION GUIDANCE

TORC is increasing the Company's 2018 average production guidance to 25,100 boepd from 24,700 boepd previously and 2018 exit production guidance to 28,000 boepd from 27,000 boepd previously.

DIVIDEND

TORC's dividend is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. During the second quarter, TORC declared dividends of \$12.9 million of which \$3.8 million was paid under the share dividend plan.

The Board of Directors has confirmed a dividend of \$0.022 per common share will be paid on August 15, 2018 to shareholders of record on July 31, 2018.

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 a long term basis while paying out a sustainable dividend.

OUTLOOK

TORC has built a sustainable growth platform of light oil focused assets and continues to enhance this platform. The stability of the high quality, low decline, conventional light oil assets in southeast Saskatchewan and the low risk Cardium development inventory in central Alberta, combined with exposure to growth oriented light oil resource plays in southeast Saskatchewan, positions TORC to provide value creation through a disciplined long term strategy.

TORC has the following key operational and financial attributes:

High Netback Production ⁽¹⁾	2018E Average: 25,100 boepd 2018E Exit: 28,000 boepd
Total Proved plus Probable Reserves ⁽²⁾	Greater than 133 mmboe (~85% light oil & liquids)
Southeast Saskatchewan Light Oil Development Inventory	Greater than 400 net undrilled conventional locations Greater than 150 net undrilled Torquay/Three Forks locations Greater than 175 net undrilled unconventional Midale locations
Cardium Light Oil Development Inventory	Greater than 290 net undrilled locations
Sustainability Assumptions ⁽³⁾	Corporate decline ~23% Capital Efficiency ~\$26,000 per boepd (IP 365)
2018 Capital Program	\$185 million
Monthly Dividend	\$0.022 per share
Pro Forma Net Debt as at June 30, 2018 ⁽⁴⁾	\$414 million; \$371 million drawn
Shares Outstanding	212.9 (basic)
Tax Pools	Approximately \$1.8 billion

Notes:

- (1) ~88% light oil & NGLs.
- (2) All reserves information in this press release are gross reserves. The reserve information for TORC in the foregoing table is derived from the independent engineering report effective December 31, 2017 prepared by Sproule & Associates Limited ("Sproule") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "TORC Reserve Report"). The reserves associated with the June acquisition is based on TORC's internal evaluation prepared by a qualified reserves evaluator in accordance with NI-51-101 and COGE Handbook, and effective April 1, 2018. The reserves associated with the acquisition of the private company, subsequent to the second quarter, is based on TORC's internal evaluation prepared by a qualified reserves evaluator in accordance with NI-51-101 and COGE Handbook, effective July 1, 2018, and is included in the total proved plus probable reserves of 133 mmboe.
- (3) Refers to full cycle capital efficiency which is the all-in corporate capital budget divided by the IP365 of the associated wells. Corporate decline refers to TORC's estimated oil and gas production decline rate in the normal life cycle of a well.
- (4) See "Non-GAAP Measures".

An updated corporate presentation can be found at www.torcoil.com.

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READER ADVISORIES

Forward Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans, strategy, business model, focus, objectives and other aspects of TORC's anticipated future operations and financial, operating and drilling and development plans and results, including, expected future production, production mix, drilling inventory, net debt, free cash flow, operating netbacks, decline rate and decline profile, capital expenditure program, capital efficiencies, commodity prices, targeted growth, tax pools, operating, drilling and development plans and the timing thereof, and expected SDP participation. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: anticipated service cost increases; the focus and allocation of TORC's 2018 capital budget; anticipated average and exit production rates, management's view of the characteristics and quality of the opportunities available to the Company; TORC's dividend policy and plans; and other matters ancillary or incidental to the foregoing.

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

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

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

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

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

Dividends

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

Non-GAAP Measures

This document contains the terms "adjusted funds flow from operations, including transaction related costs", "adjusted funds flow from operations, excluding transaction related costs", "net debt", "adjusted funds flow netback" and "operating netback" which are defined in the Company's Management's Discussion and Analysis ("the MD&A") for the three and six months ended June 30, 2018. Management uses these financial measures to analyze operating performance and leverage. These measures do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of similar measures for other companies.

This press release also contains the terms "cash flow" and "payout ratio", which do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. TORC uses cash flow and net debt to analyze financial, operating performance, and liquidity and leverage. TORC feels these benchmarks are key measures of profitability and overall sustainability for TORC. Both of these terms are commonly used in the oil and gas industry. Cash flow and net debt are not intended to represent operating profits nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP. Cash flows are calculated as cash flows from operating activities less changes in non-cash working capital. Net debt is calculated as bank debt plus working capital deficiency or minus working capital surplus (adjusted for fair value of financial instruments and the current portion of decommissioning obligation). TORC calculates cash flow per share using the same method and shares outstanding that are used in the determination of earnings per share. Payout ratio is a non-GAAP measure and is calculated as cash dividends plus exploration and development expenditures, divided by cash flow. The Company considers this to be a key measure of sustainability.

Oil and Gas Disclosures

Our oil and gas reserves statement for the year ended December 31, 2017, which includes complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, is contained within our Annual Information Form which is available on our SEDAR profile at www.sedar.com. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare TORC's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

The term "BOE" or barrels of oil equivalent may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Additionally, given that the value ratio based on the current price of crude oil, as compared to natural gas, is significantly different from the energy equivalency of 6:1; utilizing a conversion ratio of 6:1 may be misleading as an indication of value.

This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the reserves evaluation prepared by Sproule as of December 31, 2017 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on TORC's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 1015 drilling locations identified herein, 280 are proved locations, 120 are probable locations and 615 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that TORC will drill all unbooked drilling locations and, if drilled, there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and, if drilled, there is more uncertainty that such wells will result in additional oil and gas reserves or production.