CALGARY, May 11, 2016 /CNW/ - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce its financial and operating results for the three month period ended March 31, 2016. The associated management's discussion and analysis ("MD&A") and unaudited interim financial statements as at and for the quarter ended March 31, 2016 can be found at www.sedar.com and www.torcoil.com.

Highlights	Three months ended		
(in thousands, except per share data)	March 31	December 31	March 31
	2016	2015	2015
Financial			
Funds flow from operations, excluding			
transaction related costs (1)	$14,082	$33,961	$26,368
Per share basic	$0.09	$0.21	$0.26
Per share diluted	$0.09	$0.21	$0.25
Net loss	($25,260)	($89,590)	($15,258)
Per share basic	($0.16)	($0.56)	($0.15)
Per share diluted	($0.16)	($0.56)	($0.15)
Exploration and development expenditures	$16,448	$25,383	$33,552
Property acquisitions, net of dispositions (2)	($1,714)	$4,863	$148,236
Net debt (3)	$305,824	$297,080	$266,581
Cash dividends declared (4)	$8,345	$13,994	$10,562
Dividends declared per common share	$0.085	$0.135	$0.135
Common shares			
Shares outstanding, end of period	162,671	161,242	113,227
Weighted average shares (basic)	162,100	160,472	103,050
Weighted average shares (diluted)	164,157	162,124	104,675
Operations			
Production			
Crude oil (Bbls per day)	15,334	15,641	10,264
NGL (Bbls per day)	462	447	519
Natural gas (Mcf per day)	14,197	12,118	10,533
Barrels of oil equivalent (Boepd, 6:1)	18,162	18,108	12,539

Average realized price			
Crude oil ($ per Bbl)	$35.44	$47.84	$46.94
NGL ($ per Bbl)	$15.90	$15.36	$25.17
Natural gas ($ per Mcf)	$1.54	$2.21	$2.89
Barrels of oil equivalent ($ per Boe, 6:1)	$31.53	$43.18	$41.89
Operating netback per Boe (6:1)			
Operating netback (1)	$11.31	$23.26	$27.59
Operating netback (prior to hedging) (1)	$11.31	$19.99	$19.09
Funds flow netback per Boe (6:1)			
Including transaction related costs (1)	$8.52	$20.39	$22.70
Excluding transaction related costs (1)	$8.52	$20.39	$23.36
Wells drilled:			
Gross	12	8	8
Net	11.3	7.4	7.0
Success (%)	100	100	100

(1) Management uses these financial measures to analyze operating performance and leverage. The definitions of these measures are found in the Company's Management's Discussion and Analysis ("the MD&A") for the three months ended March 31, 2016 and 2015. 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) Included in property acquisitions, net of dispositions for the three months ended March 31, 2016 is $1.8 million of purchase price adjustments (reductions) related to various asset acquisitions from prior periods.

(3) Net debt is calculated as current assets (excluding financial derivative assets) less: i) current liabilities (excluding financial derivative liabilities), ii) bank debt, and iii) non-current deferred lease incentives.

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

PRESIDENT'S MESSAGE

The first quarter of 2016 was a continuation of TORC's operational momentum from 2015 with a consistent focus on the Company's long term objectives of delivering disciplined growth in combination with maintaining financial flexibility and providing a sustainable dividend. Operational efficiency improvements and cost reductions were realized in the first quarter across all areas further enhancing the Company's long term sustainability. TORC's active drilling program was focused in both the southeast Saskatchewan and Cardium core areas where the Company continued to achieve strong results.

The Company's key achievements in the first quarter of 2016 included the following:

- Achieved record quarterly production of 18,162 boepd, up from 18,108 in the fourth quarter of 2015 and 12,539 boepd in the first quarter of 2015;
- Generated cash flow of $14.1 million relative to $34.0 million in the fourth quarter of 2015 and $26.4 million in the first quarter of 2015 driven by significantly lower commodity prices realized in the quarter;

- Generated cash flow per share of $0.09 per share as compared to $0.21 in the fourth quarter of 2015 and $0.26 per share in the first quarter of 2015;

- Continued to actively manage the cost structure with respect to capital expenditures, operational expenses and administrative costs. TORC continued to see service cost reductions as well as improved efficiencies relative to budget in the first quarter. In addition, the Company continues to achieve improvements in operating costs and G&A costs per boe, all serving to enhance the sustainability of TORC's business model;

- Successfully drilled 12 (11.3 net) wells spending $16.4 million on capital activities increasing the Company's production;

- During the first quarter, TORC declared dividends of $13.8 million of which $5.4 million was paid under the share dividend program; and

- At quarter end, the Company's net debt was approximately $306 million with $251 million drawn on the credit facility. Subsequent to quarter end, TORC's credit facility was redetermined at $400 million, providing the Company with significant financial flexibility and liquidity.

OPERATIONAL UPDATE

TORC's first quarter production averaged 18,162 boepd (87% light oil and NGLs). Stronger than budgeted well performance from new wells and continued outperformance of the Company's existing low decline production across all of TORC's core areas contributed to the solid production achievement and has also allowed the Company to defer additional capital into the second half of the year.

During the first quarter, TORC executed on a successful lower risk development drilling program on the conventional assets in southeast Saskatchewan and in the Cardium in Alberta. TORC spent $16.4 million in the first quarter representing 18% of the Company's $90 million capital budget including successfully drilling 12 (11.3 net) wells. TORC expects to spend approximately $8 million in the second quarter for a total first half spend of approximately $25 million while maintaining a flat production profile. With more than 70% of the capital program planned for the second half of the year, TORC remains well positioned to achieve the previously announced production guidance positioning the Company for growth as the commodity outlook improves.

SOUTHEAST SASKATCHEWAN

TORC drilled 7 (6.6 net) southeast Saskatchewan conventional wells in the first quarter. The Company continued to focus on reducing drilling, completion and equipping costs on conventional wells through both operational efficiencies and reductions in service costs. Outperformance of wells relative to budgeted expectations and decreased costs continue to further improve the already attractive economics of TORC's conventional asset base.

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

TORC has identified more than 360 net undrilled conventional locations in southeast Saskatchewan providing numerous years of high quality drilling inventory. In 2016, TORC plans to drill 31 (23.2 net) conventional wells. The focus in TORC's southeast Saskatchewan conventional properties is to maintain a flat production profile and maximize free cash flow from the assets.

Also in southeast Saskatchewan, TORC drilled 1 (1.0 net) well in the Torquay/Three Forks geological zone with the completion of the well planned in the third quarter. Including the first quarter program, TORC has drilled a total of 15 (10.5 net) wells to delineate and test the Torquay/Three Forks concept on the Company's prospective acreage over the last two years. With the encouraging results to date, TORC's 2016 plan is to drill 6 (5.0 net) development wells.

CARDIUM

TORC drilled 4 (3.7 net) successful Cardium development wells in the first quarter. Two of the four wells were completed in the first quarter with the remaining two wells to be completed in the second half of the year. For 2016, the Company has budgeted to drill 10 (9.1 net) Cardium wells representing less than 5% of TORC's identified undrilled inventory.

TORC controls greater than 95 net light oil sections in the Cardium trend where the Company has identified more than 290 net undrilled locations, providing several years of high quality, lower risk drilling locations on a proven asset to continue to drive free cash flow growth within TORC's disciplined growth plus dividend model.

CAPITAL PROGRAM

TORC's 2016 capital budget of $90 million exhibits a measured approach to the current uncertainty in the world oil price environment and reflects a balance between managing long term organic growth and protecting the Company's strong financial position.

In the first quarter, TORC focused on initiatives to preserve financial flexibility, improve capital efficiencies and cash costs. Service cost savings in early 2016 trended between 5 and 10% below what TORC realized during the second half of 2015. Further cost savings combined with operational efficiencies are expected to continue during 2016. TORC will incorporate these savings into the budgeted $90 million capital program as they are realized during the year.

TORC expects to spend approximately $25 million in the first half of the year, with the remaining budget, representing more than 70% of TORC's capital budget, to be spent in the second half of 2016.

The 2016 capital program remains concentrated on the Company's primary core areas in southeast Saskatchewan, focused on both conventional opportunities and the emerging Torquay/Three Forks play, and the Cardium play in central Alberta. TORC has 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 a potentially improving commodity price environment.

With the capital program more than 70% second half weighted and the continued strong performance of the Company's underlying asset base, TORC remains positioned to achieve the previously announced 2016 average and exit production guidance of approximately 18,200 boepd while maintaining a corporate decline profile of approximately 23%.

DIVIDEND

TORC's dividend is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. In the first quarter, TORC took the initiative to reduce the monthly dividend to $0.02 per common share ($0.24 per common share annually) from the previous monthly level of $0.045 per common share ($0.54 per common share annually) as a result of continued volatility and uncertainty in commodity prices. During the first quarter, TORC declared dividends of $13.8 million of which $5.4 million was paid under the share dividend plan.

The Board of Directors has confirmed a dividend of $0.02 per common share will be paid on May 16, 2016 to shareholders of record on April 30, 2016.

The Company 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.

ALBERTA ROYALTY CHANGES

Alberta's Modernized Royalty Framework ("MRF") was introduced on January 29, 2016, with further details released on April 21, 2016. These details provide the necessary information to understand the economics for oil and gas producers to invest in Alberta. The economics of drilling in TORC's Cardium core area are relatively consistent with the previous Alberta Royalty Framework ("ARF"). Production from wells drilled prior to January 1, 2017 will continue on the ARF for 10 years before transitioning to the MRF. In the first quarter of 2016, production in Alberta contributed approximately 30 per cent to TORC's total corporate production.

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.

TORC has the following key operational and financial attributes:

High Netback Production [(1)]	2016E Average and Exit: ~18,200 boepd
Reserves [(2)]	90.5 mmboe (83% light oil & liquids) Total Proved plus Probable
Cardium Light Oil Development Inventory	~290 net undrilled locations
Southeast Saskatchewan Light Oil Development Inventory	~360 net undrilled locations
Sustainability Assumptions	Corporate decline ~23% Capital Efficiency ~$22,000/boepd (IP 365) [(3)]
2016 Capital Program	$90 million
Annual Dividend (paid monthly)	$0.02 per share $39 million $25 million (net of assumed 35% SDP participation)
Net Debt & Bank Line	$306 million $251 million drawn on a bank line of $400 million
Shares Outstanding	163 million (basic)
Tax Pools	Approximately $1.6 billion

Notes:

(1) ~87% light oil & NGLs.

(2) Company gross reserves being TORC's working interest share before deduction of royalties and without including any royalty interests. Based on the independent reserve report, effective as of December 31, 2015, prepared by Sproule Associates Limited.

(3) Refers to full cycle capital efficiency which is the all-in corporate capital budget divided by the IP365 of the associated wells.

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

READER ADVISORIES

Forward Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans, strategy, business model, focus, objectives and other aspects of TORC's anticipated future operations and financial, operating and drilling and development plans and results, including, expected future production, production mix, reserves, drilling inventory, net debt, cash flow, operating netbacks, decline rate and decline profile, product mix, capital expenditure program, capital efficiencies, commodity prices, 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 cost savings and operational efficiencies; anticipated capital cost reductions; the focus and allocation of TORC's 2016 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, funds from operations, potential acquisition opportunities, debt position and other conditions that the board of directors may consider relevant at such future time. The amount of future cash dividends, if any, may also vary depending on a variety of factors, including fluctuations in commodity prices and differentials, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens and foreign exchange rates.

Non-GAAP Measures

This document contains the terms "funds flow from operations, including transaction related costs", "funds flow from operations, excluding transaction costs", "net debt" , "operating netback", "operating netback (prior to hedging"), "funds flow netback, including transaction related costs" and "funds flow netback, excluding transaction related costs" which are defined in the Company's Management's Discussion and Analysis ("the MD&A") for the three months and year ended December 31, 2015. 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", "net debt", "net debt to fourth quarter run rate cash flow" and "payout ratio", which do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. TORC uses 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 development capital, divided by funds flow. The Company considers this to be a key measure of sustainability.

Oil and Gas Disclosures

Our oil and gas reserves statement for the year ended December 31, 2015, 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, 2015 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 650 drilling locations identified herein, 185 are proved locations, 76 are probable locations and 389 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.

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