CALGARY, Aug. 9, 2016 /CNW/ - 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, 2016. 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, 2016 can be found at www.sedar.com and www.torcoil.com.

Highlights	Three months ended			Six months ended	
(in thousands, except per share data)	June 30 2016	March 31 2016	June 30 2015	June 30 2016	June 30 2015
Financial					
Funds flow from operations, excluding transaction related costs (1)	$27,521	$14,082	$37,434	$41,603	$63,802
Per share basic	$0.17	$0.09	$0.31	$0.26	$0.57
Per share diluted	$0.17	$0.09	$0.30	$0.25	$0.56
Net income (loss)	($15,750)	($25,260)	($14,925)	($41,010)	($30,183)
Per share basic	($0.10)	($0.16)	($0.12)	($0.25)	($0.27)
Per share diluted	($0.10)	($0.16)	($0.12)	($0.25)	($0.27)
Exploration and development expenditures	$7,626	$16,448	$13,145	$24,074	$46,697
Property acquisitions, net of dispositions	$6,029	($1,714)	$429,495	$4,315	$577,732
Net debt (2)	$298,613	$305,824	$269,933	$298,613	$269,933
Cash dividends declared (3)	$5,019	$8,345	$12,185	$13,364	$22,748
Dividends declared per common share	$0.060	$0.085	$0.135	$0.145	$0.270
Common shares					
Shares outstanding, end of period	163,349	162,671	157,165	163,349	157,165
Weighted average shares (basic)	163,015	162,100	120,653	162,557	111,900
Weighted average shares (diluted)	166,098	164,157	123,514	165,446	114,591
Operations					
Production					
Crude oil (Bbls per day)	15,255	15,334	11,655	15,295	10,964
NGL (Bbls per day)	542	462	456	502	488
Natural gas (Mcf per day)	14,446	14,197	10,796	14,321	10,665

Barrels of oil equivalent (Boepd, 6:1)	18,205	18,162	13,910	18,184	13,230
Average realized price					
Crude oil ($ per Bbl)	$48.44	$35.44	$62.03	$41.92	$55.01
NGL ($ per Bbl)	$14.69	$15.90	$15.14	$15.25	$20.45
Natural gas ($ per Mcf)	$1.21	$1.54	$2.59	$1.37	$2.73
Barrels of oil equivalent					
($ per Boe, 6:1)	$41.98	$31.53	$54.48	$36.76	$48.55
Operating netback per Boe (6:1)					
Operating netback [(1)]	$19.69	$11.31	$33.67	$15.51	$30.81
Operating netback (prior to hedging) [(1)]	$19.69	$11.31	$28.76	$15.51	$24.21
Funds flow netback per Boe (6:1)					
Including transaction related costs [(1)]	$16.61	$8.52	$26.33	$12.57	$24.62
Excluding transaction related costs [(1)]	$16.61	$8.52	$29.57	$12.57	$26.64
Wells drilled:					
Gross	3	12	1	15	9
Net	2.0	11.3	1.0	13.3	8.0
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, 2016. These measures do not have any standardized meaning prescribed by International Financial Reporting Standards and therefore may not be comparable with the calculation of similar measures for other companies.

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

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

PRESIDENT'S MESSAGE

In the second quarter of 2016, TORC maintained a consistent focus delivering on the Company's long term objectives of disciplined growth in combination with maintaining financial flexibility and providing a sustainable dividend. Operational efficiency improvements and cost reductions were realized in the first half of the year across all areas further enhancing the Company's long term sustainability.

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

- Achieved record quarterly production of 18,205 boepd, up from 18,162 boepd in the first quarter of 2016 and 13,910 boepd in the second quarter of 2015;
- Generated cash flow of $27.5 million relative to $14.1 million in the first quarter of 2016 and $37.4 million in the second quarter of 2015;
- Generated cash flow per share of $0.17 as compared to $0.09 in the first quarter of 2016 and $0.31 in the second quarter of 2015;
- Drilled 3 (2.0 net) wells in the Torquay/Three Forks;
- During the second quarter, TORC declared dividends of $9.8 million of which $4.8 million was paid under the share dividend program;
- At quarter end, the Company was drawn $241 million on its credit facility, with net debt of approximately $299 million;
- During the second quarter, TORC's credit facility was reaffirmed at $400 million; and
- Subsequent to the end of the second quarter, TORC announced strategic acquisitions of primarily complementary southeast Saskatchewan properties producing 1,200 boepd (95% light oil and liquids) financed by a bought deal public offering and a private placement to TORC's cornerstone investor.

OPERATIONAL UPDATE

TORC achieved production of 18,205 boepd during the second quarter, up from 18,162 boepd in the first quarter. Stronger than budgeted well performance and continued outperformance of the Company's existing low decline production base across all of TORC's core areas contributed to the solid production achievement.

TORC spent a total of $7.6 million of exploration and development capital in the second quarter, including drilling 3 (2.0 net) wells. Combined with the first quarter, total first half capital spending was $24.1 million. With more than 70% of the capital program planned for the second half of the year, TORC has the operational flexibility to adjust the 2016 budget to continue to prudently protect the Company's financial flexibility in a sustained low price environment and also take advantage of potentially increasing commodity prices.

SOUTHEAST SASKATCHEWAN

In the Torquay/Three Forks, TORC drilled 3 (2.0 net) delineation wells in the second quarter of 2016. These wells, along with 1 (1.0 net) Torquay/Three Forks well that was drilled in the first quarter, are expected to be completed in the third quarter. Two (2.0 net) Torquay wells are scheduled to be drilled in the second half of 2016 for a total of 6 (5.0 net) wells.

On the conventional assets, TORC drilled 7 (6.6 net) wells in the first half of 2016 with all the wells drilled in the first quarter. TORC did not conduct any conventional drilling operations in the second quarter of 2016. With a total of 31 (23.2 net) wells budgeted to be drilled in 2016, 24 (16.6 net) additional conventional wells are planned to be drilled in the second half of 2016.

CARDIUM

In 2016, TORC has budgeted to drill 10 (9.1 net) Cardium wells. The Company drilled 4 (3.7 net) wells drilled in the first half of 2016, all in the first quarter. As planned, no Cardium wells were drilled in the second quarter of 2016. TORC's Cardium program includes drilling an additional 6 (5.4 net) wells in addition to completing two wells that were drilled but not completed in the first quarter of 2016.

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 and 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.

ACQUISITIONS & FINANCINGS

Subsequent to the end of the second quarter, TORC announced that the Company had 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. The SE Saskatchewan Acquisition is expected to close in early September.

TORC also announced that the Company completed a series of tuck-in acquisitions in the second quarter 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").

The Acquired Assets are 96% light oil and liquids providing for a high operating netback and are expected to increase TORC's light oil and liquids weighting to 88% pro forma. 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 light oil production base and providing a dependable free cash flow stream.

TORC also previously announced that the Company had 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. Completion of the Financings is expected to occur on August 16, 2016.

OUTLOOK

As a result of the Bought Deal Financing not having yet closed, TORC is considered to be "in distribution" and is therefore unable to provide forward looking guidance other than what has previously been disclosed.

With the volatility of commodity prices, TORC continues to actively monitor 2016 capital expenditure plans in the context of expected cash flow, additional potential service cost adjustments and portfolio allocation in order to maintain financial flexibility and prudently manage TORC's payout ratio. The Company's measured approach to the current uncertainty in the world oil price environment reflects a balance between managing long term production growth, protecting the Company's strong financial position and sustaining the dividend.

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, , capital expenditure program, targeted growth and operating, drilling and development plans and the timing thereof. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: anticipated service cost reductions; the focus and allocation of TORC's 2016 capital budget; management's view of the characteristics and quality of the opportunities available to the Company; TORC's dividend policy and plans; the anticipated timing for closing the SE Saskatchewan Acquisition and the Financings, the decline profile of the Acquired Assets, expectations that the Acquired Assets will provide a dependable free cash flow stream, the performance characteristics of the Acquired Assets and the benefits of the Acquisitions 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 , the satisfaction of all conditions to closing the Financings and the SE Saskatchewan Acquisition and on the timeframes contemplated; the successful completion of the SE Saskatchewan Acquisition and our ability to develop the

Acquired Assets.

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 "net debt" and "operating netback"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, 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

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.

SOURCE TORC Oil & Gas Ltd.

Contact

Brett Herman, President and Chief Executive Officer, TORC Oil & Gas Ltd., Telephone: (403) 930-4120, Facsimile: (403) 930-4159; Jason J. Zabinsky, Vice President, Finance and Chief Financial Officer, TORC Oil & Gas Ltd., Telephone: (403) 930-4120, Facsimile: (403) 930-4159