TORC Oil & Gas Ltd. Announces Third Quarter 2019 Financial & Operational Results

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CALGARY, Nov. 6, 2019 - TORC Oil & Gas Ltd. ("TORC" or the "Company") (TSX: TOG) is pleased to announce its fi
operating results for the three and nine months ended September 30, 2019. The associated management's discussion
analysis ("MD&A") and unaudited interim financial statements as at and for the three and nine months ended Septembe
can be found at www.sedar.com and www.torcoil.com.

Highlights	Three months ended			Nine months ended	
($ thousands, except per share data)	September 30	June 30	September 30	September 30	September 30
	2019	2019	2018	2019	2018
Financial					
Adjusted funds flow including transaction related costs (1)	$78,768	$81,125	$94,036	$230,960	$232,685
Per share basic	$0.34	$0.37	$0.44	$1.06	$1.15
Per share diluted	$0.33	$0.37	$0.44	$1.04	$1.14
Adjusted funds flow excluding transaction related costs (1) (2)	$78,768	$81,125	$95,086	$230,960	$234,435
Per share basic	$0.34	$0.37	$0.45	$1.06	$1.16
Per share diluted	$0.33	$0.37	$0.44	$1.04	$1.15
Net cash from operating activities	$62,559	$100,765	$87,364	$217,254	$220,694
Net income	$6,664	$11,464	$22,747	$23,463	$41,292
Per share basic	$0.03	$0.05	$0.11	$0.11	$0.20
Per share diluted	$0.03	$0.05	$0.11	$0.11	$0.20
Exploration and development expenditures (1)	$57,008	$34,854	$59,027	$145,967	$130,701
Property acquisitions, (dispositions) (1)	($565)	$688	$58,366	$270	$288,274
Net debt (1)	$369,571	$363,895	$391,101	$369,571	$391,101
Cash dividends declared (1)	$11,434	$10,930	$9,434	$32,124	$26,414
Dividends declared per common share (3)					

$0.075	$0.072	$0.066	$0.213	$0.190

Common shares

Shares outstanding, end of period	220,338	218,912	215,647	220,338	215,647
Weighted average shares (basic)	219,622	218,279	212,913	218,356	202,289
Weighted average shares (diluted)	221,952	221,752	215,405	221,115	204,740
Operations					
Production					
Crude oil (Bbls per day)	23,382	23,534	22,480	23,538	20,066
NGL (Bbls per day)	1,557	1,559	1,459	1,536	1,301
Natural gas (Mcf per day)	19,206	19,397	19,327	19,422	18,116
Barrels of oil equivalent (Boe per day, 6:1)	28,137	28,326	27,160	28,311	24,386
Average realized prices					
Crude oil ($ per Bbl)	$64.65	$70.03	$77.88	$66.51	$73.89
NGL ($ per Bbl)	$11.91	$12.28	$31.10	$14.67	$29.79
Natural gas ($ per Mcf)	$0.75	$0.67	$0.98	$1.18	$1.17
Barrels of oil equivalent ($ per Boe, 6:1)	$54.55	$59.32	$66.83	$56.90	$63.26
Operating netback					
Operating netback ($ per Boe, 6:1)	$30.90	$34.35	$40.71	$32.62	$37.93
Operating netback (prior to hedging)(1)	$30.90	$34.35	$41.34	$32.62	$38.33
Adjusted funds flow netback (including transaction related costs) ($ per Boe, 6:1)	$28.30	$31.47	$37.63	$29.88	$34.95
Excluding transaction related costs (1)	$28.30	$31.47	$38.05	$29.88	$35.21
Wells drilled:					
Gross	25	13	36	72	70
Net	19.0	9.8	30.8	56.7	56.4
Success (%)	100	100	100	100	100

(1) Management uses these non-GAAP financial measures to analyze operating performance, leverage and investing activity. These measures do not have a standardized meaning under GAAP and therefore may not be comparable with the calculation of similar measures for other companies. See Non-GAAP Measurements within this document for additional information

(2) For ease of readability, in this press release, adjusted funds flow, excluding transaction related costs will be referred to as "cash flow"

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

PRESIDENT'S MESSAGE

The steady implementation of TORC's business plan continued during the third quarter of 2019. TORC continues to focus on the efficient execution of operations while maintaining financial discipline to remain in a position of strength. The Company's long-term objective is to achieve disciplined growth while providing a sustainable dividend.

The Company's key achievements in the third quarter of 2019 included the following:

- Achieved record quarterly production of 28,337 boepd, up from 28,326 boepd in the second quarter of 2019 and 2 boepd in the third quarter of 2018;

- Generated cash flow of $73.8 million relative to $81.1 million in the second quarter of 2019 and $95.1 million in th quarter of 2018;
- Generated cash flow per share of $0.34 compared to $0.37 in the second quarter of 2019 and $0.45 in the third q 2018;
- Drilled 25 (19.0 net) successful wells;
- During the quarter, TORC declared dividends of $16.5 million of which $5.1 million was satisfied under the share program;
- During the first nine months of 2019, the Company generated cash flow of $231.0 million, incurred $146.0 million expenditures, and declared cash dividends of $32.1 million for a payout ratio of 77%; and
- Exited the quarter with net debt of $369.6 million, down from $405.3 at year-end, with $295.4 million drawn on the credit facility. Subsequent to the end of the third quarter, TORC's credit facility was reconfirmed at $500 million as regular semi-annual review process.

OPERATIONAL UPDATE

With continued success of the 2019 capital program and the Company's solid underlying production profile, TORC achieved record production of 28,337 boepd during the third quarter.

TORC spent a total of $57.0 million of development capital, including drilling 25 (19.0 net) wells. Total development capital spending for the first nine months of 2019 was $146.0 million representing 81% of the Company's $180 million capital program. TORC remains well positioned to achieve 2019 production and capital guidance.

SOUTHEAST SASKATCHEWAN

During the third quarter, the Company drilled 24 (18.0 net) wells in southeast Saskatchewan including 14 (9.0 net) conventional wells, 4 (4.0 net) Torquay/Three Forks wells and 6 (5.0 net) unconventional Midale wells.

TORC drilled 41 (29.5 net) conventional wells in the first nine months of 2019 consistently achieving production results above type curves, further enhancing the already attractive capital efficiencies and economics. In addition, the Company has had success exploiting more mature fields through reentry of existing wells and drilling additional horizontal legs. TORC has identified more than 400 net undrilled conventional locations in southeast Saskatchewan providing years of high quality drilling inventory.

In the first nine months of 2019, TORC drilled 9 (8.5 net) southeast Saskatchewan Torquay/Three Forks wells. TORC has budgeted a total of 16 (12.5 net) Torquay/Three Forks wells in 2019. With more than 150 net undrilled Torquay/Three Forks locations identified on the southeast Saskatchewan land base, TORC maintains multiple years of drilling inventory on this play.

In the first nine months of 2019, TORC drilled 17 (14.4 net) horizontal unconventional Midale wells. The Company has established prospective land positions in a number of areas that have the potential for unconventional Midale exploitation. TORC has achieved success across the asset base continuing to expand and de-risk the Company's drilling inventory. In addition, the Company has had success exploiting more mature fields through fracture stimulation of older unstimulated wells. This technical success serves to continue to expand and upgrade the Company's drilling inventory. TORC has identified 175 net undrilled locations on the Company's land base.

CARDIUM

During the third quarter TORC drilled 1 (1.0 net) Cardium development well. The Company has drilled a total of 5 (4.3 net) wells in the first nine months of 2019 with plans to drill a total of 9 (8.2 net) wells in 2019.

TORC has identified more than 290 net undrilled locations on the Company's land base representing several years of high quality, lower risk drilling locations on a maturing asset, which continues to support TORC's disciplined growth plus dividend model.

DIVIDEND

In the third quarter, TORC declared dividends totaling $0.075 per share or $16.5 million of which $5.1 million was issued under the Company's Stock Dividend Plan ("SDP"). In the first nine months of 2019, the Company declared dividends totaling $46.6 million, of which $14.4 million was issued under the Company's SDP.

The Board of Directors has confirmed a dividend of $0.025 per common share to be paid on November 15, 2019 to common shareholders of record on October 31, 2019.

TORC's dividend policy is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. TORC's current dividend policy is $0.025 per share per month. TORC's priorities are to first 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.

CAPITAL BUDGET AND PRODUCTION GUIDANCE

TORC's 2019 exploration and development capital budget of $180 million maintains a balanced approach where the Company continues to focus on disciplined long-term sustainable growth while protecting the Company's strong financial position.

TORC spent $146.0 million in the first nine months of 2019. With approximately $34.0 million left to be spent in the fourth quarter of 2019, the Company remains well positioned to achieve the Company's capital expenditure and production guidance for 2019.

The 2019 capital program remains 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 is maintaining guidance to average and exit 2019 at 28,300 boepd (~88% light oil & liquids).

Based on current commodity prices and budgeted cost estimates, TORC expects to achieve free cash flow in the fourth quarter of 2019 after executing the remaining budgeted capital program and paying the dividend. In the first nine months of 2019, TORC has generated free cash flow with a payout ratio of 77%. This free cash flow continues to position the Company to take advantage of opportunities as they arise.

TORC anticipates announcing the 2020 capital budget and production guidance in mid-December.

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 plays in the Torquay/Three Forks and unconventional Midale in southeast Saskatchewan, positions TORC to provide a sustainable dividend along with value creation through a disciplined long term focused growth strategy.

TORC has the following key operational and financial attributes:

High Netback Production [(1)]	2019E Average: 28,300 boepd
	2019E Exit: 28,300 boepd
Total Proved plus Probable Reserves [(2)]	Greater than 138 mmboe (~84% 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%
	Current Capital Efficiency ~$28,000 per boepd (IP 365)
2019 Capital Program	$180 million
Monthly Dividend	$0.025 per share
Net Debt as at Sept 30, 2019 [(4)]	$369.6 million; $295.4 million drawn on a credit facility of $500 million
Shares Outstanding	219.6 million (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, 2018 prepared by Sproule & Associates Limited ("Sproule") evaluating the oil, NGL and natural gas reserves attributable to all of our properties (the "TORC Reserve Report")

(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 Measurements"

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 and free cash flow, financial flexibility and liquidity, capital costs, operating netbacks, operational efficiencies, decline rate and decline profile, product mix, capital expenditure program, capital efficiencies, commodity prices, royalties, tax pools and future growth. In addition, and without limiting the generality of the foregoing, this press release contains forward?looking information regarding: the focus and allocation of TORC's 2019 capital budget; anticipated average and exit production rates, available free cash flow, 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 Measurements

This press release includes non-GAAP measures commonly used in the oil and natural gas industry. These non-GAAP measures do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS", or alternatively, "GAAP") and therefore may not be comparable with the calculation of similar measures by other companies. For details, descriptions and reconciliations of these non-GAAP measurements, see the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2019.

"Adjusted funds flow, including transaction related costs" represents cash flow from operating activities prior to changes in non-cash operating working capital and settlement of decommissioning obligations. "Adjusted funds flow, excluding transaction related costs" represents cash flow from operating activities prior to changes in non-cash operating working capital, settlement of decommissioning obligations and transaction related costs. Management considers these measures to be useful as they assist in the determination of the Company's ability to generate liquidity necessary to finance capital expenditures, settlement of decommissioning obligations and funding of its dividend. Transaction related costs are incurred during asset and/or corporate acquisitions and are typically not considered a cost incurred in the normal course of business. As a result, excluding transaction related costs from adjusted funds flow further assists in the determination of the Company's ability to generate liquidity in the normal course of business. For ease of readability, in this press release, "adjusted funds flow, excluding transaction related costs" is also referred to as "cash flow". TORC calculates cash flow per share using the same method and shares outstanding that are used in the determination of earnings per share.

"Net debt" is calculated as current assets (excluding financial derivative assets) less: i) current liabilities (excluding financial derivative liabilities) and ii) bank debt. Management considers this measure to be useful in determining the Company's leverage.

"Operating netback" or "netback" represents revenue and realized gain or loss on financial derivatives, less royalties, operating expenses and transportation expenses and has been presented on a per Boe basis. Management believes that in addition to net income, operating netback is a useful measure as it assists in the determination of the Company's operating performance and profitability.

"Exploration and development expenditures" represents expenditures on property, plant and equipment ("PP&E") excluding: acquisitions, non-cash PP&E additions and capitalized general and administrative expenses. See Capital Expenditures in the MD&A for further details.

"Property acquisitions, net of dispositions" represents additions to PP&E related to the Company's asset and/or corporate acquisition and disposition activity.

"Free cash flow" represents adjusted funds flow, excluding transaction related costs, less i) exploration and development expenditures", and ii) cash dividends paid. Management considers this measure to be useful in determining its ability to finance capital expenditures and fund its dividend.

"Payout ratio" represents cash dividends paid, plus exploration and development expenditures, divided by adjusted funds flow, excluding transaction related costs. The Company considers this to be a key measure of sustainability.

Oil and Gas Disclosures

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 TORC Reserve Report effective December 31, 2018 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates prepared by a qualified reserves evaluator 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 1,015 net drilling locations identified herein, 350 are proved locations, 137 are probable locations and 528 are unbooked locations. Of the 400 net conventional drilling locations identified herein, 165 are proved locations, 60 are probable locations and 175 are unbooked locations. Of the 150 net Torquay/Three Forks drilling locations identified herein, 41 are proved locations, 25 are probable locations and 84 are unbooked locations. Of the 175 net unconventional Midale drilling locations identified herein, 80 are proved locations, 17 are probable locations and 78 are unbooked locations. Of the 290 net Cardium drilling locations identified herein, 64 are proved locations, 35 are probable locations and 191 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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