

TORC Oil & Gas Ltd. Announces 2020 Capital Budget and Production Guidance; Confirms December Dividend and Appoints New Member to the Board Of Directors

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CALGARY, Dec. 11, 2019 - [TORC Oil & Gas Ltd.](#) ("TORC" or the "Company") (TSX: TOG) is pleased to announce the Board of Directors has approved an initial 2020 capital budget of \$190 million. TORC's strategic objectives associated with the 2020 capital budget are consistent with the Company's long term objectives of achieving disciplined per share growth in combination with maintaining financial flexibility while paying a sustainable dividend.

TORC's 2020 capital budget exhibits a measured approach and reflects a balance between managing long term objectives while protecting the Company's strong financial position and sustaining the dividend.

TORC's 2020 capital budget is specifically focused on:

- Investing in higher rate of return, lower risk light oil opportunities across the Company's extensive development and production inventory;
- Maintaining production levels and maximizing cash flow through an efficient capital program;
- Efficiently executing a high graded development drilling program while continuing to organically expand the Company's production inventory through select delineation opportunities;
- Maintaining the Company's decline profile;
- Strategically investing in infrastructure projects that achieve both economic returns and environmental benefits;
- Maintaining a payout ratio of less than 100%;
- Directing the pace of the capital program to maintain spending flexibility throughout the year;
- Maintaining operational flexibility to effectively respond to a changing commodity price environment; and
- Maintaining TORC's strong financial position and flexibility to take advantage of additional growth opportunities as they arise.

TORC's capital program in 2020 is focused on light oil development projects, with the majority of the capital directed to completions and tie-ins (approximately 70%). The drilling program is concentrated on the Company's primary core area in southeast Saskatchewan, focused on both conventional and unconventional opportunities, along with the Cardium play in Alberta. The balance of 2020 capital spending will be allocated to operational and facilities optimization, expansion of infrastructure, gas conservation projects and inactive well retirements.

2020 BUDGET HIGHLIGHTS

SOUTHEAST SASKATCHEWAN

TORC's asset base in southeast Saskatchewan is comprised of both conventional assets and unconventional light oil resource plays. TORC's primary focus on the conventional asset base is to maintain production and maximize free cash flow through efficient exploitation of identified conventional light oil pools. TORC's unconventional light oil resource plays provide current and future organic growth opportunities for the Company.

In 2020, TORC plans to drill 44 gross (34.2 net) conventional wells. With more than 400 net undrilled conventional locations identified, the 2020 budget represents less than 9% of TORC's conventional development locations. Conventional development locations are characterized by their lower risk nature and high rates of return driven by their lower capital costs, high net returns and the attractive royalty regime in Saskatchewan. Southeast Saskatchewan conventional activity will comprise approximately 9% of the Company's 2020 drilling, completion and tie-in capital budget.

On the Company's unconventional asset base in southeast Saskatchewan, TORC continues to be active on the Torquay

Forks light oil resource play with plans to drill 13 gross (12.0 net) wells during 2020. This program represents less than 150 net identified Torquay/Three Forks development locations on the Company's land base. The Torquay/Three Forks southeast Saskatchewan will comprise approximately 28% of the 2020 drilling, completion and tie-in capital budget.

In 2020, TORC plans to expand the gathering system in the Torquay/Three Forks oil resource play to continue to enhance benefits of the Company's centralized facility, which was completed in 2018. With continued expansion to the gathering system, TORC will increasingly realize benefits through reduced trucking of fluids, reduced requirements for single well batteries, and the ability to use produced water for frac operations, providing economic gains along with environmental and community benefits.

TORC has been active in a number of areas prospective for unconventional Midale exploitation. Given the continued success the Company has achieved in this play, the Company plans to increase capital allocated to the Midale light oil resource play with plans to drill 17 gross (14.8 net) wells spread across the Company's land position. This program represents less than the 175 net identified Midale development locations on the Company's land base. The Midale activity in southeast Saskatchewan will comprise approximately 23% of the 2020 drilling, completion and tie-in capital budget.

Together, the conventional and unconventional southeast Saskatchewan capital allocation represents approximately 83% of the overall drilling, completion and tie-in capital budget during 2020.

CARDIUM

In 2020, TORC plans to drill 8 gross (6.7 net) wells across the Company's land position in the Cardium to maintain production. Despite a decline profile of approximately 20%, the Cardium play generates free cash flow in the current commodity price environment supporting the sustainability and repeatability of the Company's business objectives.

TORC's development plans for the Cardium in 2020 represents approximately 17% of the Company's drilling, completion and tie-in activity.

PRODUCTION GUIDANCE

TORC anticipates that the \$190 million 2020 capital budget will maintain 2019 exit production levels resulting in 2020 exit production of 28,300 boepd (~88% light oil & liquids) while continuing to maintain a decline profile of approximately 20%.

DIVIDEND CONFIRMATION

TORC's dividend is reviewed regularly with the Board of Directors and is an important component of TORC's overall strategy. TORC is well positioned to sustain a current dividend of \$0.025 per share per month and will continue to monitor and respond to realized commodity prices, capital efficiencies and cash costs on a timely basis to maintain financial flexibility and long-term sustainability.

TORC is pleased to confirm that the December 2019 dividend of \$0.025 per common share will be paid on January 15, 2020, to common shareholders of record on December 31, 2019, with payment to be made in cash or common shares at the election of the shareholder.

The Board of Directors has approved the indefinite suspension of the Share Dividend Plan ("SDP") effective for the January 2020 dividend, payable on February 18, 2020. Shareholders enrolled in the SDP will automatically receive dividend payment in cash.

DISCIPLINED BUDGET

TORC's priorities are to act prudently to protect the financial flexibility of the Corporation while positioning the Company to achieve per share growth over the long term while paying out a sustainable dividend.

TORC continues to diligently focus on capital efficiency improvements through the combination of operational improvements and capital discipline.

capital cost reductions of the Company's drilling, completion and tie-in activities. TORC's \$190 million 2020 capital budget is based on current capital cost realizations.

TORC is also prudently allocating capital in the 2020 budget to infrastructure projects that provide both near term and long term economic benefits as well as provide positive environmental impacts.

TORC continues to focus on maintaining a payout ratio of less than 100% in 2020. Under current 2020 crude oil strip prices, incorporating TORC's current dividend, 2020 capital budget and the suspension of the SDP, TORC's payout ratio remains below 100%. At September 30, 2019, TORC's net debt was \$370 million with approximately \$295 million drawn on a bank line of \$500 million, positioning TORC with financial flexibility and a strong balance sheet.

BOARD APPOINTMENT

TORC is pleased to announce the appointment of Catharine M. de Lacy to the Company's Board effective December 1, 2019.

Ms. de Lacy is an independent businessperson and strategic advisor with more than 30 years of prior executive experience globally across a variety of industrial sectors: oil and gas; mining and refining; chemicals and specialty materials; manufacturing and private label and branded consumer products. She has previously been elected as a Corporate Officer of three Fortune 500 corporations; and has served on executive management and Global Business Unit leadership teams in the energy, chemicals, metals, and aerospace sectors. Her depth of experience and leadership capabilities spans such areas as: Government and Public Affairs; Corporate Communications and Investor Relations; Sustainability and Corporate Social Responsibility; Corporate Governance; Corporate Philanthropy; Environment Health and Safety ("EHS"); Product Stewardship; and Corporate Quality. Ms. de Lacy has served as a Board member at multiple national and international trade associations; is a recognized thought leader and frequently sought after speaker on such topics as: Environment, Social Responsibility and Governance, Corporate Sustainability, and Corporate EHS Program Leadership; and is a Six Sigma Black Belt.

Ms. de Lacy is a member of the Environmental Law Institute's Leadership Council, a strategic advisor to the National Association of Environmental and Sustainability Managers, and is a member of the Executive Advisory Council of the Responsible Business Coalition. Ms. de Lacy is a graduate of Merrimack College and Tufts University.

OUTLOOK

TORC has built a sustainable growth platform of light oil focused assets. 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 the 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 2020E Average: 28,300 boepd 2020E Exit: 28,300 boepd
Total Proved plus Probable Reserves ⁽²⁾	Greater than 138 mmbœ (~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 ~\$29,000 per boepd (IP 365)
2020 Capital Program	\$190 million
Monthly Dividend	\$0.025 per share
Net Debt as at Sept 30, 2019 ⁽⁴⁾	\$370 million; \$295 million drawn
Shares Outstanding	221 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 in the foregoing outlook 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, 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. In addition, and without limiting the generality of the foregoing, this press release contains forward-looking information regarding: future capital costs; the focus and allocation of TORC's 2020 capital budget; the objectives of the program and the anticipated results; infrastructure plans and the benefits to be obtained therefrom, anticipated average and exit production rates, 2020 all in cash payout ratio, management's view of the characteristics and quality of the Corporation's assets and 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, differentials, 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 Measurements

This document 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 measures, see the Company's Management's Discussion and Analysis ("MD&A") 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.

"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" 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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