

TORC OIL & GAS LTD.

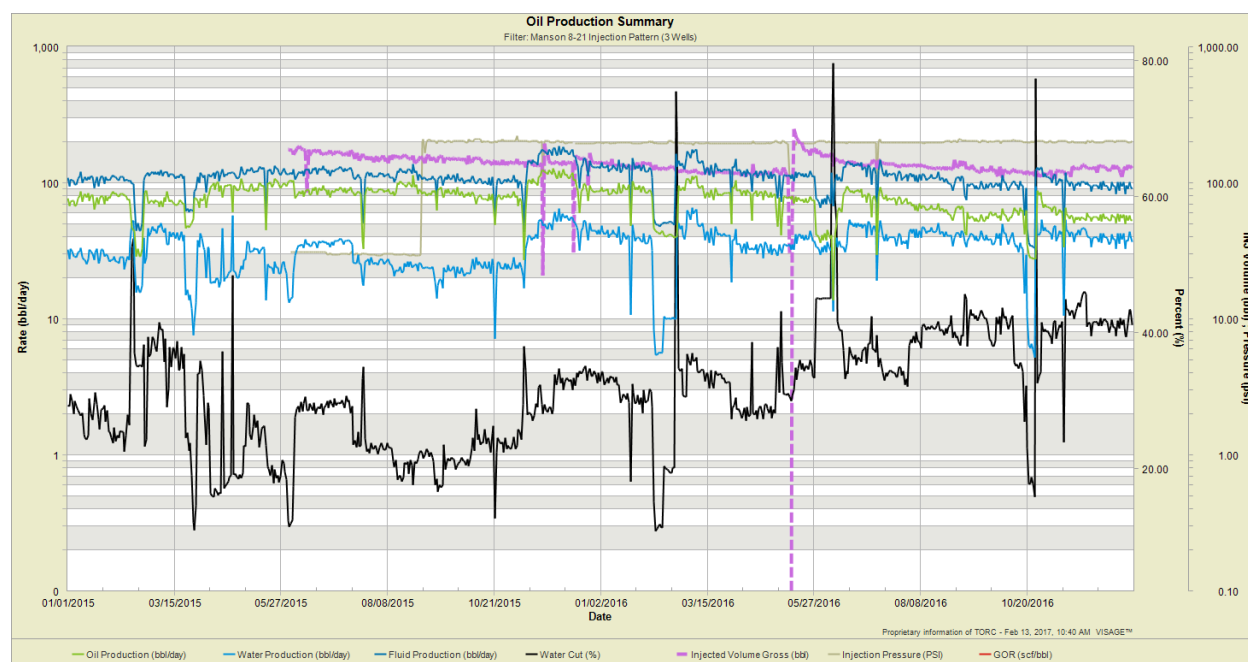
EAST MANSON UNIT #3

ENHANCED OIL RECOVERY (EOR) ANNUAL REPORT

Discussion

The focal point of the flood in EMU #3 for the 2016 year was to continue to appraise and assess the results of our isolated pilot pattern in the south half of section 21 and to work up unit volumetrics and recovery factors associated with our land in the north half of the Section. Our 00/08-21-013-28W1 injection well pattern continued to display strong pressure support, with pattern decline being well arrested due to continued injection. Oil recovery in the 100/01-21-013-28W1 and 100/07-21-013-28W1 wells has been stable throughout 2016, providing confidence in sustainable flood results within the area. This success has the TORC team working through the fundamentals required to propose additional drill locations within the unit in the hopes of expanding injection schemes as per our area development plan.

A FeS Reducer chemical injection at the north and south ends of our field was setup in 2015, and continues to achieve desired results, as bi-weekly sampling of the water in two production tanks at the battery show little or no FeS. Continuous sampling a monitoring of injection water ensures water quality meets injection standards for the flood.

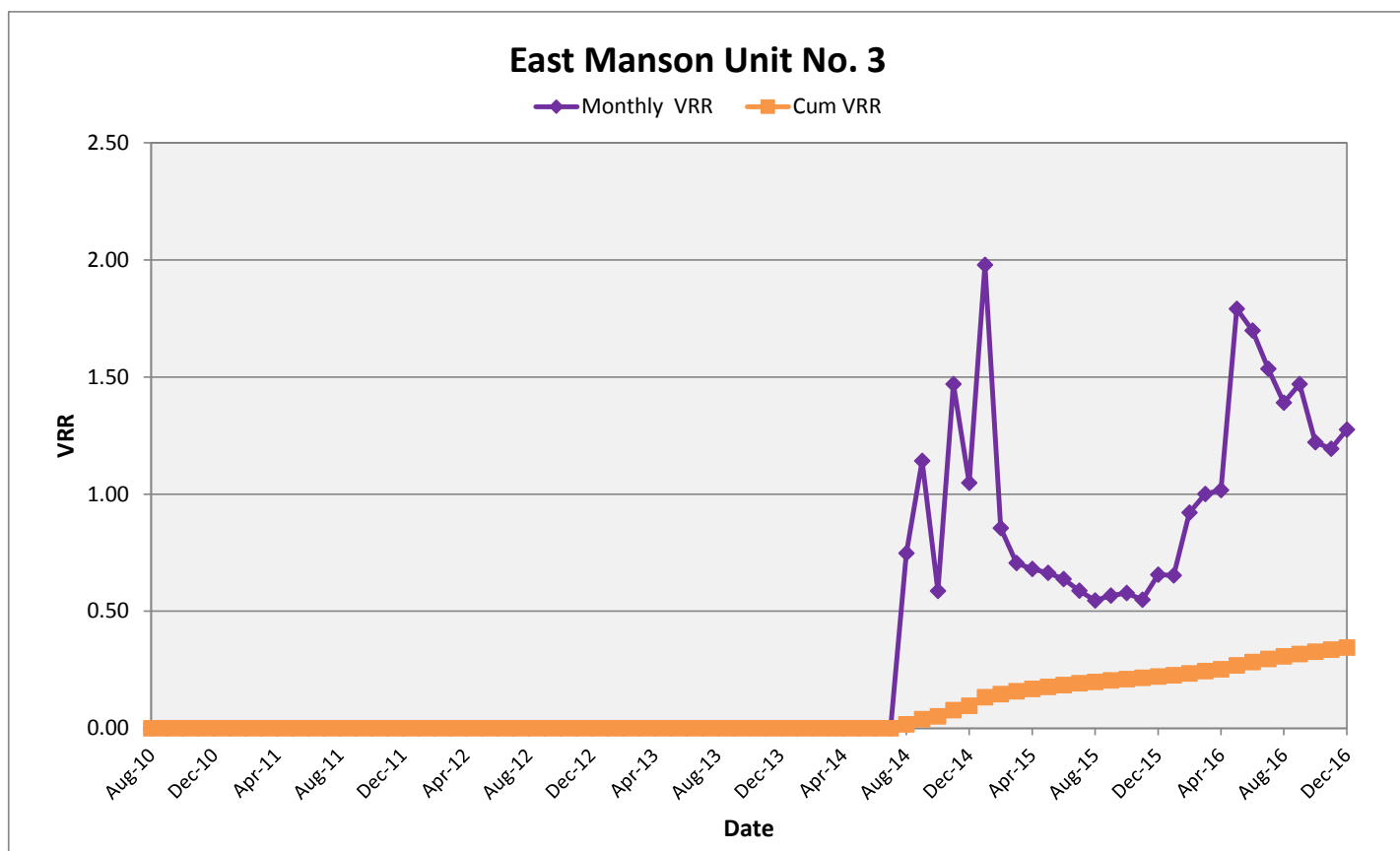
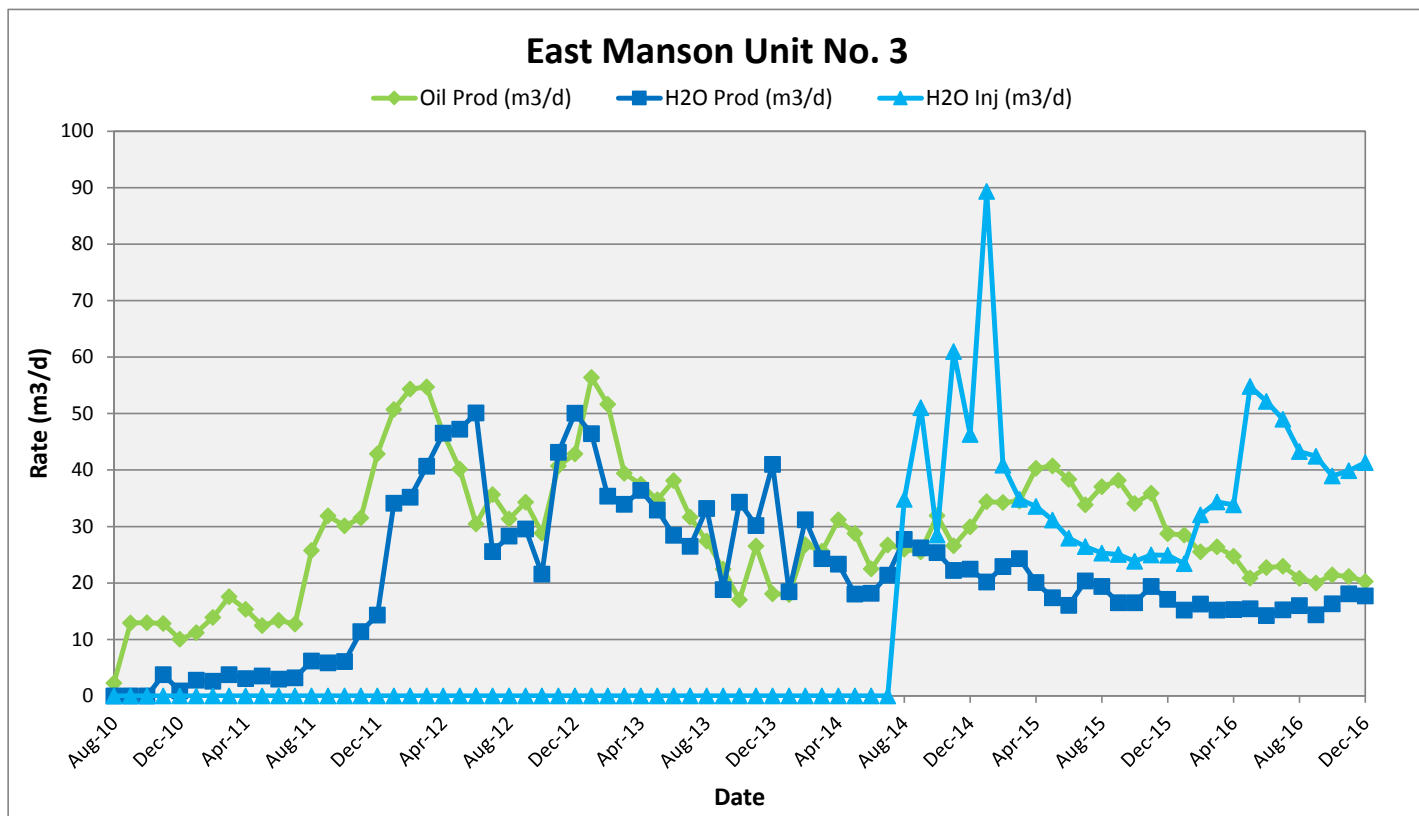


TORC has drafted a full scale flood development plan for EMU #3 which will be aimed towards replicating the success achieved with the 8-21 injection well pattern. TORC has budgeted 2 wells to be drilled in the north half of Section 21, to be placed on primary production with the intent to convert the northern most well to continue to extend our flood pattern in EMU #6 which was completed in 2016. An alternating producer/injector pattern expansion is planned similar to what is commonplace through our currently flooded units. Further to these efforts, Section 20 will undergo the same technical analysis with the hopes of continuing the flood in EMU#1 further to the south. TORC views EMU#3 as our most prized unit for continued realization of flood benefit, and is eager to deploy capital to realize this benefit.

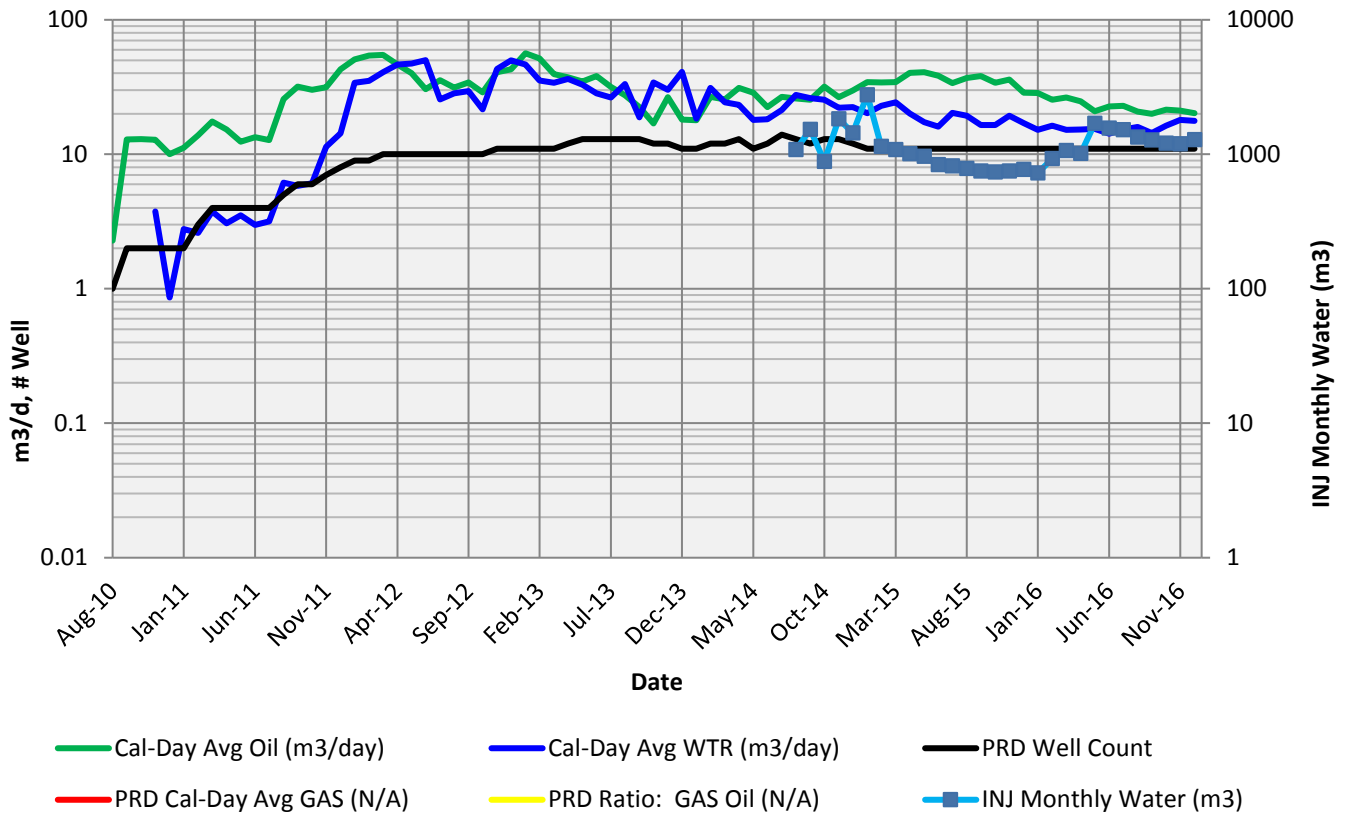
East Manson Unit No. 3 (Section 20 and 21) - VRR Table																										
Month	Days	Monthly Oil Prod (bbl)	Monthly Oil Prod (m3)	Monthly Gas Prod (E3m3)	Monthly H2O Prod (bbl)	Monthly H2O Prod (m3)	Monthly H2O Inj (bbl)	Monthly H2O Inj (m3)	Oil Prod (m3/d)	Gas Prod (E3m3/d)	H2O Prod (m3/d)	H2O Inj (m3/d)	Cum Oil (bbl)	Cum Oil (m3)	Cum Gas (E3m3)	Cum H2O (m3)	Cum H2O Inj (m3)	Prod Well Count	GOR (m3/m3)	H2OCut %	Voidage (rm3/d)	Monthly VRR	Cum GOR (m3/m3)	H2OCut %	Cum Void (rm3)	Cum VRR
Aug-10	31		70.7	0		0.0		0	2	0	0	0	445	71	0	0	0	1	0	0.0%	2	0.00	0.0	0.0%	51.6	0.000
Sep-10	30		386.8	0		0.0		0	13	0	0	0	2,878	458	0	0	0	2	0	0.0%	9	0.00	0.0	0.0%	334.0	0.000
Oct-10	31		402.3	0		0.0		0	13	0	0	0	5,408	860	0	0	0	2	0	0.0%	9	0.00	0.0	0.0%	627.6	0.000
Nov-10	30		384.4	0		112.4		0	13	0	4	0	7,826	1244	0	112	0	2	0	22.6%	13	0.00	0.0	8.3%	1021.2	0.000
Dec-10	31		310.8	0		26.7		0	10	0	1	0	9,781	1555	0	139	0	2	0	7.9%	8	0.00	0.0	8.2%	1274.9	0.000
Jan-11	31		346.5	0		86.1		0	11	0	3	0	11,960	1902	0	225	0	2	0	19.9%	11	0.00	0.0	10.6%	1614.4	0.000
Feb-11	28		388.4	0		72.7		0	14	0	3	0	14,403	2290	0	298	0	3	0	15.8%	13	0.00	0.0	11.5%	1971.0	0.000
Mar-11	31		543.8	0		116.3		0	18	0	4	0	17,824	2834	0	414	0	4	0	17.6%	17	0.00	0.0	12.8%	2484.8	0.000
Apr-11	30		459.6	0		92.2		0	15	0	3	0	20,715	3293	0	506	0	4	0	16.7%	14	0.00	0.0	13.3%	2913.0	0.000
May-11	31		385.2	0		109.2		0	12	0	4	0	23,138	3679	0	616	0	4	0	22.1%	13	0.00	0.0	14.3%	3303.9	0.000
Jun-11	30		401.3	0		89.5		0	13	0	3	0	25,662	4080	0	705	0	4	0	18.2%	13	0.00	0.0	14.7%	3686.8	0.000
Jul-11	31		394.6	0		98.4		0	13	0	3	0	28,144	4474	0	804	0	4	0	20.0%	12	0.00	0.0	15.2%	4073.8	0.000
Aug-11	31		798.4	0		190.9		0	26	0	6	0	33,166	5273	0	994	0	5	0	19.3%	25	0.00	0.0	15.9%	4848.5	0.000
Sep-11	30		957.2	0		175.1		0	32	0	6	0	39,187	6230	0	1170	0	6	0	15.5%	29	0.00	0.0	15.8%	5723.2	0.000
Oct-11	31		933.8	0		188.9		0	30	0	6	0	45,060	7164	0	1358	0	6	0	16.8%	28	0.00	0.0	15.9%	6594.7	0.000
Nov-11	30		945.8	0		341.5		0	32	0	11	0	51,009	8110	0	1700	0	7	0	26.5%	34	0.00	0.0	17.3%	7628.3	0.000
Dec-11	31		1,328.8	0		443.7		0	43	0	14	0	59,368	9438	0	2144	0	8	0	25.0%	46	0.00	0.0	18.5%	9044.3	0.000
Jan-12	31		1,572.5	0		1,057.6		0	51	0	34	0	69,259	11011	0	3201	0	9	0	40.2%	71	0.00	0.0	22.5%	11255.2	0.000
Feb-12	29	9,916	1,576.5	0	6,418	1,020.3		0	54	0	35	0	79,175	12587	0	4222	0	9	0	39.3%	75	0.00	0.0	25.1%	13431.5	0.000
Mar-12	31	10,669	1,696.2	0	7,932	1,261.1		0	55	0	41	0	89,844	14284	0	5483	0	10	0	42.6%	81	0.00	0.0	27.7%	15937.2	0.000
Apr-12	30	8,775	1,395.0	0	8,785	1,396.6		0	47	0	47	0	98,618	15679	0	6879	0	10	0	50.0%	81	0.00	0.0	30.5%	18359.2	0.000
May-12	31	7,830	1,244.8	0	9,207	1,463.7		0	40	0	47	0	106,448	16923	0	8343	0	10	0	54.0%	77	0.00	0.0	33.0%	20739.0	0.000
Jun-12	30	5,744	913.2	0	9,456	1,503.3		0	30	0	50	0	112,192	17837	0	9846	0	10	0	62.2%	73	0.00	0.0	35.6%	22916.6	0.000
Jul-12	31	6,947	1,104.5	0	4,986	792.7		0	36	0	26	0	119,140	18941	0	10639	0	10	0	41.8%	52	0.00	0.0	36.0%	24519.6	0.000
Aug-12	31	6,104	970.4	0	5,523	878.0		0	31	0	28	0	125,243	19912	0	11517	0	10	0	47.5%	51	0.00	0.0	36.6%	26110.4	0.000
Sep-12	30	6,473	1,029.1	0	5,581	887.3		0	34	0	30	0	131,716	20941	0	12404	0	10	0	46.3%	55	0.00	0.0	37.2%	27753.5	0.000
Oct-12	31	5,619	893.4	0	4,206	668.7		0	29	0	22	0	137,336	21834	0	13073	0	10	0	42.8%	43	0.00	0.0	37.5%	29077.8	0.000
Nov-12	30	7,684	1,221.7	0	8,144	1,294.8		0	41	0	43	0	145,020	23056	0	14368	0	11	0	51.5%	73	0.00	0.0	38.4%	31271.0	0.000
Dec-12	31	8,355	1,328.3	0	9,762	1,552.0		0	43	0	50	0	153,375	24384	0	15920	0	11	0	53.9%	82	0.00	0.0	39.5%	33800.5	0.000
Jan-13	31	10,994	1,747.8	0	9,056	1,439.7		0	56	0	46	0	164,369	26132	0	17359	0	11	0	45.2%	88	0.00	0.0	39.9%	36523.4	0.000
Feb-13	28	9,094	1,445.8	0	6,227	990.0		0	52	0	35	0	173,463	27578	0	18349	0	11	0	40.6%	73	0.00	0.0	40.0%	38573.8	0.000
Mar-13	31	7,685	1,221.8	0	6,620	1,052.5		0	39	0	34	0	181,148	28799	0	19402	0	11	0	46.3%	63	0.00	0.0	40.3%	40523.6	0.000
Apr-13	30	7,066	1,123.4	0	6,872	1,092.5		0	37	0	36	0	188,214	29923	0	20494	0	12	0	49.3%	64	0.00	0.0	40.6%	42441.7	0.000
May-13	31	6,773	1,076.8	0	6,417	1,020.2		0	35	0	33	0	194,987	31000	0	21515	0	13	0	48.7%	58	0.00	0.0	41.0%	44253.1	0.000
Jun-13	30	7,196	1,144.1	0	5,368	853.4		0	38	0	28	0	202,184	32144	0	22368	0	13	0	42.7%	56	0.00	0.0	41.0%	45946.0	0.000
Jul-13	31	6,174	981.5	0	5,166	821.3		0	32	0	26	0	208,358	33125	0	23189	0	13	0	45.6%	50	0.00	0.0	41.2%	47488.0	0.000
Aug-13	31	5,348	850.3	0	6,474	1,029.2		0	27	0	33	0	213,706	33976	0	24219	0	13	0	54.8%	53	0.00	0.0	41.6%	49143.1	0.000
Sep-13	30	4,234	673.2	0	3,550	564.4		0	22	0	19	0	217,940	34649	0	24783	0	13	0	45.6%	35	0.00	0.0	41.7%	50201.8	0.000
Oct-13	31	3,313	526.7	0	6,688	1,063.2		0	17	0	34	0	221,253	35175	0	25846	0	12	0	66.9%	47	0.00	0.0	42.4%	51654.9	0.000
Nov-13	30	5,011	796.6	0	5,692	904.9		0	27	0	30	0	226,264	35972	0	26751	0	12	0	53.2%	50	0.00	0.0	42.6%	53145.9	0.000
Dec-13	31	3,524	560.2	0	7,996	1,271.3		0	18	0	41	0	229,788	36532	0	28022	0	11	0	69.4%	54	0.00	0.0	43.4%	54832.7	0.000
Jan-14	31	3,493	555.4	0	3,600	572.4	0	0	18	0	18	0	233,281	37088	0	28595	0	11	0	50.8%	32	0.00	0.0	43.5%	55813.4	0.000
Feb-14	28	4,711	749.0	0	5,495	873.6	0	0	27	0	31	0	237,992	37837	0	29468	0	12	0	53.8%	51	0.00	0.0	43.8%	57238.2	0.000
Mar-14	31	4,997	794.5	0	4,737	753.1	0	0	26	0	24	0	242,990	38631	0	30221	0	12	0	48.7%	43	0.00	0.0	43.9%	58575.1	0.000
Apr-14	30	5,884	935.5	0	4,406	700.5	0	0	31	0	23	0	248,874	39567	0	30922	0	13	0	42.8%	46	0.00	0.0	43.9%	59962.1	0.000
May-14	31	5,611	892.0	0	3,512	558.4	0	0	29	0	18	0	254,485	40459	0	31480	0	11	0	38.5%	39	0.00	0.0	43.8%	61174.4	0.000
Jun-14	30	4,241	674.3	0	3,428	545.0	0	0	22	0	18	0	258,726	41133	0	32025	0	12	0	44.7%	35	0.00	0.0	43.8%	62214.4	0.000
Jul-14	31	5,208	828.0	0	4,166	662.4	0	0	27	0	21	0	263,934	41961	0	32688	0	14	0	44.4%	41	0.00	0.0	43.8%	63484.6	0.000
Aug-14	31	5,062	804.8	0	5,402	858.8	6,788	1,079	26	0	28	35	268,996	42766	0	33547	1079	13	0	51.6%	47	0.75	0.0	44.0%	64935.3	0.017
Sep-14	30	4,811	764.8	0	4,945	786.1	9,636	1,532	25	0	26	51	273,807	43531	0	34333	2611	12	0	50.7%	45	1.14	0.0	44.1%	66283.7	0.040
Oct-14	31	6,225	989.6	0	4,949	786.8	5,551	883	32	0	25	28	280,031	44520	0	35119	3494	13	0	44.3%	49	0.59	0.0	44.1%	67796.9	0.052
Nov-14	30	5,015	797.3	0	4,188	665.8	11,513	1,830	27	0	22	61	285,046	45317	0	35785	5324	13	0	45.5%	42	1.47	0.0	44.1%	69048.1	0.077
Dec-14	31	5,833	927.3	0	4,377	695.9	9,027	1,435	30	0	22	46	290,879	46245	0	36481	6759	12	0	42.9%	44	1.05	0.0	44.1%	70424.4	0.096
Jan-15	31	6,706	1,066.2	0	3,933	625.3	17,422	2,770	34	0	20	89	297,586	47311	0	37106	9529	11	0	37.0%	45	1.98	0.0	44.0%	71831.2	0.133
Feb-15	28	6,033	959.1	0	4,039	642.1	7,196	1,144</																		

East Manson Unit No. 3 (Section 20 and 21) - VRR Table																										
		Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Oil Prod	Gas Prod	H2O Prod	H2O Inj	Cum Oil	Cum Oil	Cum Gas	Cum H2O	Cum H2O Inj	Prod Well	GOR	H2OCut	Voidage	Monthly	Cum GOR	H2OCut	Cum Void	Cum VRR
Month	Days	Oil Prod	Oil Prod	Gas Prod	H2O Prod	H2O Prod	H2O Inj	H2O Inj	(m3/d)	(E3m3/d)	(m3/d)	(m3/d)	(bbl)	(m3)	(E3m3)	(m3)	(m3)	Count	(m3/m3)	%	(rm3/d)	VRR	(m3/m3)	%	(rm3)	
		(bbl)	(m3)	(E3m3)	(bbl)	(m3)	(bbl)	(m3)																		
Sep-15	30	7,198	1,144.4	0	3,110	494.4	4,723	751	38	0	16	25	354,131	56301	0	41850	16916	11	0	30.2%	44	0.57	0.0	42.6%	83160.8	0.204
Oct-15	31	6,647	1,056.7	0	3,214	511.0	4,649	739	34	0	16	24	360,778	57357	0	42361	17656	11	0	32.6%	41	0.58	0.0	42.5%	84445.8	0.210
Nov-15	30	6,770	1,076.3	0	3,654	580.9	4,708	748	36	0	19	25	367,548	58434	0	42941	18404	11	0	35.1%	46	0.55	0.0	42.4%	85815.3	0.216
Dec-15	31	5,603	890.9	0	3,332	529.8	4,854	772	29	0	17	25	373,151	59325	0	43471	19176	11	0	37.3%	38	0.66	0.0	42.3%	86998.1	0.222
Jan-16	31	5,552	882.7	0	2,962	470.9	4,564	725.60095	28	0	15	23	378,704	60207	0	43942	19901	11	0	34.8%	36	0.65	0.0	42.2%	88115.7	0.227
Feb-16	29	4,654	739.8	0	2,970	472.2	5,848	929.65342	26	0	16	32	383,357	60947	0	44414	20831	11	0	39.0%	35	0.92	0.0	42.2%	89130.4	0.235
Mar-16	31	5,143	817.6	0	2,963	471.1	6,699	1065.035	26	0	15	34	388,500	61765	0	44885	21896	11	0	36.6%	35	1.00	0.0	42.1%	90200.7	0.244
Apr-16	30	4,668	742.1	0	2,885	458.7	6,385	1015.1526	25	0	15	34	393,167	62507	0	45344	22911	11	0	38.2%	33	1.02	0.0	42.0%	91203.4	0.252
May-16	31	4,070	647.0	0	3,011	478.7	10,687	1699.1145	21	0	15	55	397,237	63154	0	45823	24610	11	0	42.5%	31	1.79	0.0	42.0%	92156.9	0.268
Jun-16	30	4,291	682.2	0	2,680	426.1	9,847	1565.434	23	0	14	52	401,528	63836	0	46249	26176	11	0	38.5%	31	1.70	0.0	42.0%	93083.1	0.283
Jul-16	31	4,480	712.3	0	2,973	472.7	9,558	1519.5835	23	0	15	49	406,008	64548	0	46722	27695	11	0	39.9%	32	1.53	0.0	42.0%	94078.2	0.296
Aug-16	31	4,060	645.4	0	3,119	495.8	8,437	1341.4118	21	0	16	43	410,068	65194	0	47217	29037	11	0	43.4%	31	1.39	0.0	42.0%	95047.7	0.307
Sep-16	30	3,768	599.0	0	2,711	430.9	8,006	1272.8013	20	0	14	42	413,836	65793	0	47648	30310	11	0	41.8%	29	1.47	0.0	42.0%	95918.1	0.318
Oct-16	31	4,175	663.8	0	3,183	506.1	7,593	1207.0811	21	0	16	39	418,011	66456	0	48154	31517	11	0	43.3%	32	1.22	0.0	42.0%	96911.3	0.327
Nov-16	30	3,989	634.2	0	3,408	541.8	7,529	1196.9952	21	0	18	40	422,000	67091	0	48696	32714	11	0	46.1%	34	1.19	0.0	42.1%	97918.8	0.336
Dec-16	31	3,948	627.6	0	3,447	548.1	8,055	1280.5342	20	0	18	41	425,947	67718	0	49244	33994	11	0	46.6%	33	1.28	0.0	42.1%	98927.8	0.345

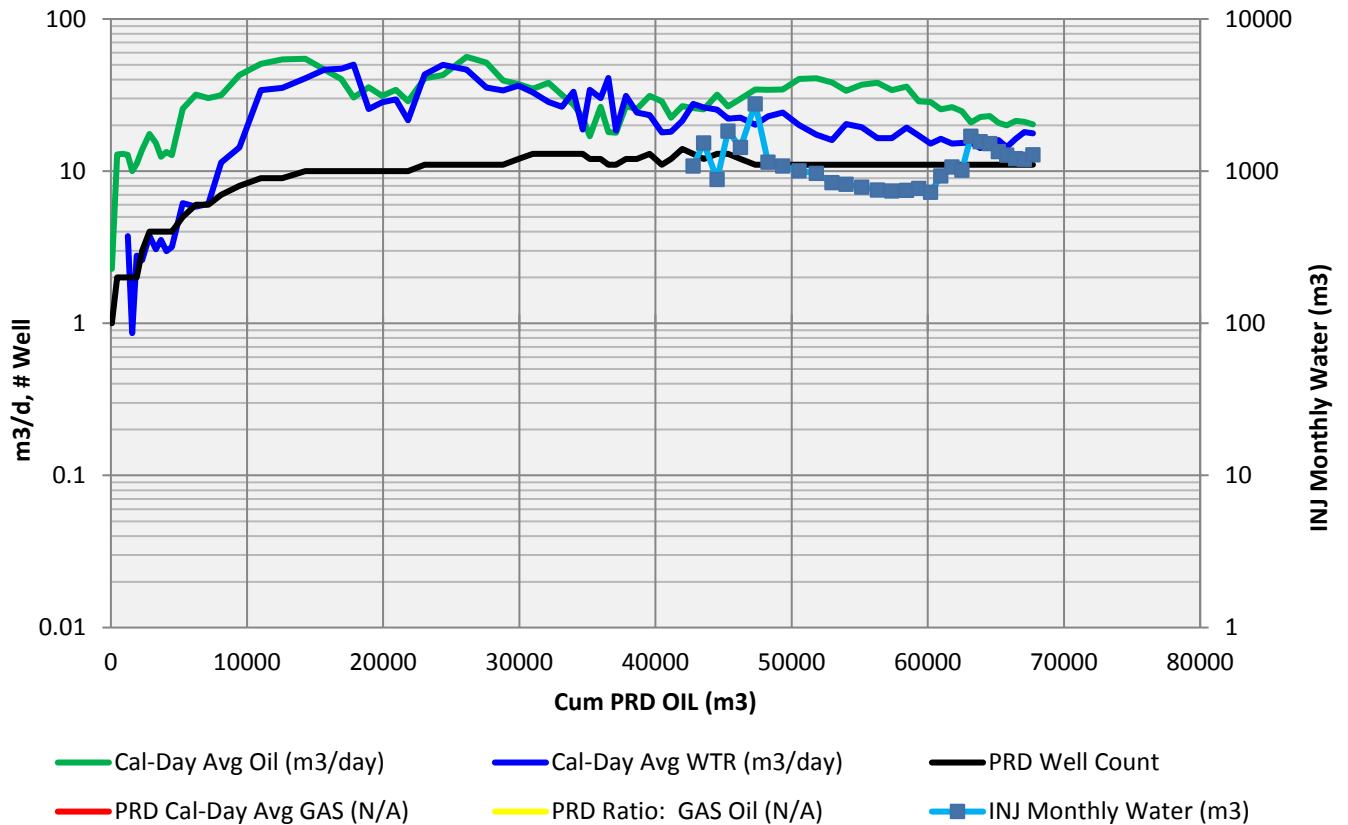
	Date	Oil Prod (m3/d)	Gas Prod (e3m3/d)	H2O Prod (m3/d)	H2O Inj (m3/d)	Monthly VRR	Cum VRR	Cum PRD Oil (m3)	Cum PRD Gas (e3m3)	Cum PRD Water (m3)	Cum INJ Water (m3)
EMU No. 3	Dec-2016	20	-	18	41	1.28	0.345	67,718	-	49,244	33,994



East Manson Unit No. 3 - Rate Time



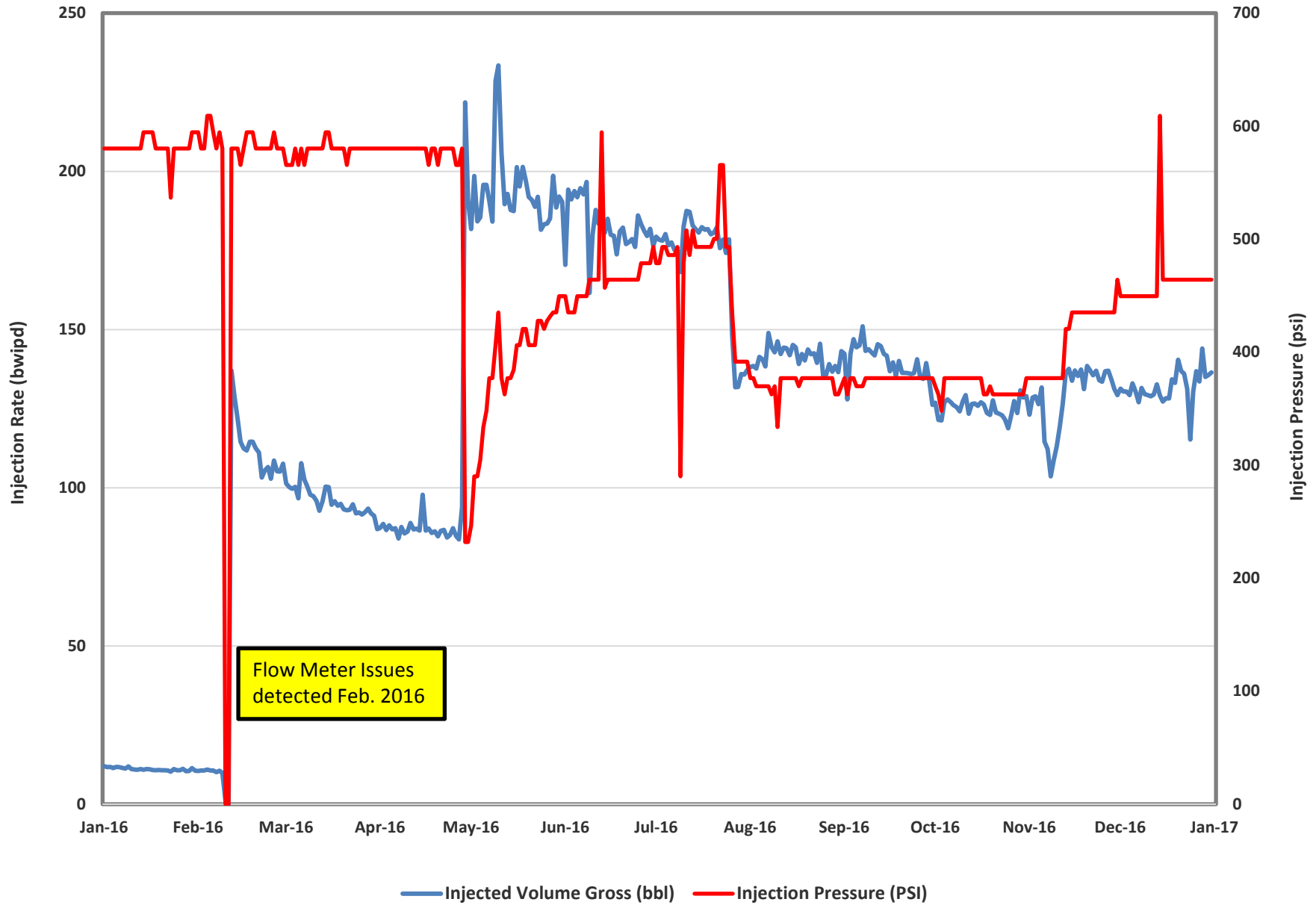
East Manson Unit No. 3 - Rate Cum



East Manson Unit No. 3 - Injection Parameters

Month	Oil Rate (m3/d)	Gas Rate (e3m3/d)	Water Rate (m3/d)	Water Inj Rate (m3/d)	Water Inj Press (psi)	Cum Oil (m3)	Cum Gas (e3m3)	Cum Water (m3)	Cum Inj Water (m3)	GOR (m3/m3)	WOR (m3/m3)
Jan-16	28.5	0.0	15.2	23.4	586	60,207	0.0	43,942	19,901	0	0.53
Feb-16	25.5	0.0	16.3	32.1	568	60,947	0.0	44,414	20,831	0	0.64
Mar-16	26.4	0.0	15.2	34.4	580	61,765	0.0	44,885	21,896	0	0.58
Apr-16	24.7	0.0	15.3	33.8	569	62,507	0.0	45,344	22,911	0	0.62
May-16	20.9	0.0	15.4	54.8	467	63,154	0.0	45,823	24,610	0	0.74
Jun-16	22.7	0.0	14.2	52.2	531	63,836	0.0	46,249	26,176	0	0.62
Jul-16	23.0	0.0	15.2	49.0	529	64,548	0.0	46,722	27,695	0	0.66
Aug-16	20.8	0.0	16.0	43.3	485	65,194	0.0	47,217	29,037	0	0.77
Sep-16	20.0	0.0	14.4	42.4	492	65,793	0.0	47,648	30,310	0	0.72
Oct-16	21.4	0.0	16.3	38.9	488	66,456	0.0	48,154	31,517	0	0.76
Nov-16	21.1	0.0	18.1	39.9	506	67,091	0.0	48,696	32,714	0	0.85
Dec-16	20.2	0.0	17.7	41.3	533	67,718	0.0	49,244	33,994	0	0.87

00/15-20-013-28W1 Rate vs Pressure



8-21 Injection Rate vs Pressure

