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CIRCULAR
September 12, 2013

FINAL CONTRACT ADJUSTMENT
TORC Oil & Gas Ltd. (TOG)
Reverse Stock Split

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.

The Bourse and CDCC wish to inform you that TORC Oil & Gas Limited (“TORC Oil”) will consolidate its common shares. The reverse stock split on the basis of a 1 for 5 ratio will be effective at the opening of markets on Friday, September 13, 2013.

CDCC - adjustment details:

Pursuant to Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all TORC Oil options will be adjusted as follows:

- **EFFECTIVE DATE:** **September 13, 2013**
- **OPTIONS SYMBOL:** **TOG will become TOG1**
- **NUMBER OF CONTRACTS:** **Unchanged**
- **NEW DELIVERABLE PER CONTRACT:** **20 common shares of TORC Oil & Gas Limited (TOG)**
- **MULTIPLIER:** **20**
- **POSITION AND EXERCISE LIMITS** **Position and exercise limits will remain unchanged at 250,000 contracts.**
- **STRIKE PRICES :** **Strike Prices will quintuple (See table below)**
- **NEW CUSIP :** **890895303**

**CDCC will not adjust any outstanding escrow receipts.
Only closing transactions will be permitted on these adjusted series.**

The Bourse - adjustment details:

It is important to note that on the effective date mentioned above, all open orders on this option class **will not be automatically modified** to reflect the reverse split and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

The existing series of TOG options class will be transferred to the TOG1 options class representing the new deliverable. Actual series that do not have open interest will not be adjusted.

TORC Oil & Gas Ltd		
Symbol	Actual Strike Prices	New Strike Prices
TOG1	\$2.50	\$12.50
TOG1	\$3.00	\$15.00
TOG1	\$4.00	\$20.00
TOG1	\$5.00	\$25.00
TOG1	\$6.00	\$30.00

Numerical Example:

For a member holding a long put strike \$2.50 position and considering that TORC Oil's closing price on September, 12 2013 is \$1.50, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$2.50 \times 100 - \$1.50 \times 100 \\ &= \$100 \end{aligned}$$

After the adjustment, the intrinsic value of the option will be:

$$\begin{aligned} \text{Intrinsic Value} &= \text{New Strike Price} \times \text{New Multiplier} - \text{New Underlying Market Price} \times \text{New Deliverable} \\ &= \$12.50 \times 20 - \$7.50 \times 20 \\ &= \$100 \end{aligned}$$

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.

For further information, please contact Louise Leclair, Trading Systems Analyst Market Operations, Bourse de Montréal Inc. at (514) 871-3526. Clearing members may contact the CDCC Operations Department.

Brian Gelfand
Vice-President, Institutional Relations and Market Operations