

TORQUAY OIL CORP.

TSX-V: TOC.A/TOC.B

TOC.A Price (August 9): \$1.20

52-Week Range: \$1.75-\$0.25

Shares O/S: 10.88 million

Market Cap: \$13.06 million



Source: www.BigCharts.com

Note: eResearch issued its initiating StockPotentials report on Torquay Oil Corp. on June 23, 2010. It is available at our link: http://www.eresearch.ca/report/TOC_062310-SP.pdf

UPDATE ON OPERATIONS

Torquay Oil Corp. has published an operations update, dealing with the Lake Alma and Viewfield areas in southeast Saskatchewan (Bakken resource play). The Company has recently finished drilling its fourth Bakken commitment well at Lake Alma, and is drilling its first Bakken development well at Viewfield.

Lake Alma

With the recently finished drilling of the fourth Bakken commitment well at Lake Alma, Torquay has earned a total of 81 gross (49 net) sections of lands.



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Lake Alma (continued)

The Company has completed two wells so far in this area:

1. An exploratory well (13-19-1-17W2) was completed using an 11-stage fracture stimulation. Only 600 metres of Bakken reservoir was completed, as a result of a geological fault that was encountered during drilling. The well, despite the limited amount of reservoir open, produced an average of 80 bbls/d gross (48 bbls/d net) of 39° API oil in the first 22 days of production.
2. Torquay has also completed the 13-10-2-18W2 well, which was placed on production after a 16-stage fracture stimulation. The production capability of this well is currently being evaluated. Two other wells (4-25-2-20W2 and 4-4-2-19W2) are scheduled for fracture stimulation and evaluation in this quarter.

The Company has licensed an additional four development locations, and plans to drill one of these by the end of the quarter. With the planned drilling of this well, Torquay will earn an additional 5 gross (3 net) sections, bringing total lands earned to 86 gross (52 net) sections of land in the Lake Alma area.

Viewfield

Torquay is currently drilling its first Bakken development well in the Viewfield (Heward) area and expects to reach total depth by mid-August. Pipeline construction to tie-in gas and NGLs from the Company's two producing Bakken wells in the Viewfield area is expected to be completed by the end of August. A second Bakken well is scheduled to be spudded mid-August and completed in September. The two wells are expected to be on stream by the end of Q3/2010.

Frobisher/Alida Zones

The Company plans to drill its first horizontal well targeting the Frobisher/Alida zones in the Viewfield (Heward) area late in the third quarter or early in the fourth. Torquay has identified up to 12 additional drilling locations on its 100% working interest lands at Frobisher/Alida.

COMMENT: *While the Company only achieved 60% of its targeted 1,000-metre horizontal length, the first well at Lake Alma nevertheless achieved a level of production that confirms the permeability of the Bakken A reservoir in the drilling area. This raises the odds that the remaining three wells at Lake Alma will achieve their targeted initial production levels of 150 bbl/d. The two additional wells at Viewfield, that are expected to come into production during the third quarter, should have a similar production profile as the existing Viewfield well; namely, 150 bbl/d. By the fourth quarter of 2010, net production to Torquay should be in the range of 750-800 bbl/d of high-quality light crude yielding an operating netback in the \$50 per barrel area. On this basis, Torquay should then be able to realize operating cash flow of roughly 50 cents per share on an annualized basis.*



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