Toro Announces 2015 Capital Budget and Strategy

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CALGARY, ALBERTA--(Marketwired - Jan 22, 2015) - Toro Oil & Gas Ltd. (TSX VENTURE:TOO) ("Toro" or the "Company") announces its approved capital budget and strategic plan for 2015. In light of the current low commodity price environment and limited visibility on timing for recovery, Toro's Board of Directors approved a 2015 conservative capital expenditure program of $12 million. The Company intends to limit capital spending in the first half of the year and defer drilling expenditures to the second half of 2015, providing maximum financial flexibility while preserving shareholder value.

Toro exited 2014 with production estimated at 550 boe per day, predominantly from the Company's Hamilton Lake property which was acquired in Q4 2014. This core asset, combined with the Company's Consort land position, lie within Alberta's Viking light oil fairway and provides Toro with 93 sections of 100% working interest lands in this prolific area. The Company identified over 100 low risk horizontal drilling locations across the 100% operated land base. In the midst of commodity and market headwinds, Toro's second half 2015 drilling program, including the drilling of six to seven horizontal oil wells, is anticipated to provide significant year over year growth in production.

At present, the Company benefits from a strong balance sheet with no debt. Funding capacity currently totals $37 million, through a combination of over $12 million in cash reserves (unaudited) and full access to our recently announced $25 million credit facility. Toro believes this strong financial position differentiates the Company from its peers, providing the Company the ability to grow the asset base through accretive opportunities and increase shareholder value via strategic acquisitions within the Viking light oil fairway.

The Company is conducting preliminary field work on its properties to become drill ready and will commence drilling operations at such time Toro sees a visible and stable recovery in commodity prices. By deferring most of the activity into the second half of the year, the Company anticipates significant reductions can be achieved in drilling and completion service costs, thereby enhancing project economics. Included in the capital budget are drilling locations on the Consort block, which will satisfy the required expenditures from the recent flow-through share private placement financing.

Toro continues to monitor the commodity price environment and plans to provide revised guidance prior to the end of the first half of 2015. With its balance sheet strength, the Company believes it is well positioned to weather the current volatile commodity price and market conditions.

About Toro Oil & Gas Ltd.

Toro is a junior oil and gas energy company listed on the TSX Venture Exchange. Toro's business plan focuses on light oil development and exploitation of known or existing reservoirs through the use of technology advancements. The Company has over 90 net sections of land in the prolific Viking light oil fairway. The Company intends to add to this core area while adding other light oil core areas in the western Canadian sedimentary basin to the portfolio as opportunities arise.

Forward Looking Information

The reader is advised that some of the information contained herein may constitute forward looking information within the meaning of National Instrument 51-102 and other relevant securities legislation. Forward-looking information contained herein includes, but is not limited to, statements with respect to deferral and timing of capital expenditures, the Company's drilling plans and timing for the provision of revised guidance. Such forward-looking information is based on the Company's current expectations regarding its future business and reflects management's current beliefs and assumptions based on *information currently available to them. Actual results may vary from forward-looking information and readers are cautioned not to place undue reliance on forward-looking information. The Company does not undertake any obligation to release publicly any revisions to forward-looking information contained herein to reflect events or circumstances that occur after the date hereof or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws. Forward-looking information involves significant known and unknown risks and uncertainties. These risks and uncertainties are described in the Company's Annual Information Form dated April 25, 2014 which is filed under the Company's SEDAR profile at www.sedar.com.*

51-101 Advisory

In conformity with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, natural gas volumes have been converted to barrels of oil equivalent ("boe") using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. Boes may be misleading, particularly if used in isolation. A conversion ratio of one barrel to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. 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 on a 6:1 basis may be misleading as an indication of value.

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