CALGARY, Aug. 25, 2015 /CNW/ - Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") announces its financial and operating results for the three and six months ended June 30, 2015. Selected financial and operational information is set out below and should be read in conjunction with Toro's June 30, 2015 interim financial statements and the related management's discussion and analysis, which are available for review at www.sedar.com or the Company's website at www.torooil.com.

Second Quarter Financial and Operational Highlights

- Averaged 574 boe/d in production, of which 48% represents oil and liquids compared to 217 boe/d of production in Q2 2014. Q2 2015 production remains consistent with the previous quarter's production. With the commencement of the Company's initial $10 million drilling program in late July, production gains along with a greater weighting to light oil are anticipated over the subsequent reporting periods;
- Used $0.4 million cash for operations during the second quarter. Second quarter results include however a positive cash flow for the month of June 2015 as most one-time charges associated with the initial recapitalization together with the formulation of a sizeable light oil asset base in the Alberta Viking fairway have been incurred. Despite headwinds in the commodity market, with ongoing drilling programs and strict oversight on capital and operating expenditures, the Company believes a solid foundation has been assembled to earn attractive rates of return and build shareholder value;
- Announced a production volume royalty financing for total gross proceeds of $12 million which closed subsequent to the quarter end. Proceeds of the financing will be used to partially fund capital programs and for general corporate purposes;
- Maintained a clean balance sheet with no debt and sufficient cash reserves to conduct operations for the subsequent quarters, in particular, the Company's $10 million initial phase drilling program.

Operational and Drilling Update

During the second quarter, Toro continued to prepare for its first full drilling program culminating in the spudding of its first Viking well on the Hamilton Lake area in late July. Drilling and completion programs are ongoing however early test results are encouraging. The Company continues to experience appreciable reductions in drilling and completion costs together with noticeable improvements in efficiency in the midst of a volatile commodity environment and as such, has been able to drill more wells than originally planned under the $10 million program. Horizontal lengths have been materially increased while remaining under budgeted well capital costs.

To date, ten wells have been drilled with more wells scheduled to be drilled prior to year-end. Nine of the ten wells drilled to date focused on the Hamilton Lake property, with one well at Consort. Further, of the nine Hamilton Lake wells, three wells are on early stage production increasing total corporate production to over 850 boe/d while the remaining six wells are at varying stages of completion, tie-in and testing. The Company continues to conservatively ramp up production operations on these new wells in order to maximize overall initial production rates and ultimate recoveries. Full completion and tie-in activities on all ten wells are scheduled to conclude mid-September with all wells expected to be on stream by the end of the third quarter. At Consort, early drilling results are equally encouraging however completion activities have not yet commenced and therefore no discernable production results are known at this time. The Company intends to satisfy all remaining flow-through obligations with continued drilling on its Consort property and continues to add to its Consort land holdings, having been successful at recent Alberta Crown land sales. The Company will provide more fulsome guidance for the remaining period of 2015 and into 2016 upon completion of all drilling programs.

Toro remains vigilant on both capital and operational cost efficiencies. At present, many of the costs incurred by the Company on its Viking assets are fixed in nature, and accordingly, incremental production is expected to materially lower per barrel operating costs. Along with operations and other corporate activities including the recent successful closing of the $12 million production volume royalty financing, the Company expects to maintain a strong balance sheet in order to withstand a potentially protracted timeframe of depressed commodity prices.

Financial Results

(CAD$'000's unless otherwise specified)	Three months ended June 30			Six months ended June 30		
	2015	2014	%Change	2015	2014	%Change
Operational Performance						
Production Volumes						
Oil and NGLs (bbls/day)	275	129	113	270	136	99
Natural gas (mcf/day)	1,795	525	242	1,784	532	235
Oil equivalent (boe/day)						

Financial Performance						
Production revenue [1]	1,874	1,397	34	3,598	2,864	26
Net comprehensive loss	(2,543)	(568)	348	(6,935)	(528)	1,213
Per share - basic and diluted	(0.05)	(0.15)	(67)	(0.13)	(0.14)	(7)
Net cash (used in) provided by operations [2]	(373)	323	(215)	(588)	779	(175)
Per share - basic and diluted	(0.01)	0.09	(111)	(0.01)	0.21	(105)
Realized sales prices						
Oil and NGL's ($/bbl)	58.45	101.54	(42)	55.28	98.84	(44)
Natural gas ($/mcf)	2.52	4.29	(41)	2.77	4.48	(38)
Oil equivalent ($/boe)	35.87	70.74	(49)	35.02	70.32	(50)
Netback ($/boe)						
Realized sales price	35.87	70.74	(49)	35.02	70.32	(50)
Royalties	(1.68)	(13.42)	(87)	(3.15)	(13.28)	(76)
Production expenses	(22.33)	(16.10)	39	(20.82)	(15.22)	37
Transportation expenses	(2.41)	(2.38)	1	(2.49)	(2.13)	17
Operating netback ($/boe) [2]	9.45	38.84	(76)	8.56	39.69	(78)
General and administrative	(16.01)	(27.85)	(43)	(21.38)	(25.66)	(17)
Interest and other income	(0.82)	(4.77)	(83)	(0.42)	(4.18)	(90)
Cash netback ($/boe)	(7.38)	6.22	(218)	(13.24)	9.85	(234)
Capital expenditures						
Capital expenditures	2,343	172	1,262	3,243	399	713
Net acquisitions (dispositions) [3]	-	(350)	nmf [4]	2,459	(350)	803
Total capital expenditures	2,343	(178)	1,416	5,702	49	nmf [4]
Liquidity						
Net debt (surplus) [2]	(1,882)	4,834	nmf [4]	(1,882)	4,834	nmf [4]
Bank facility - undrawn portion	25,000	3,129	699	25,000	3,129	699
Weighted average shares outstanding						
Basic	56,238,709	3,743,223	1,402	55,326,021	3,743,223	1,378
Diluted	56,238,709	3,743,223	1,402	55,326,021	3,743,223	1,378

(1) Production revenue is presented gross of royalties.

(2) Cash flow from (used in) operations, operating netback and net debt (surplus) are non-IFRS measures. See "Non-IFRS Measures".

(3) Represents the cash expenditure (proceeds) from the acquisition (sale) of assets, as applicable.

(4) No meaningful figure.

About Toro Oil & Gas Ltd.

Toro is a junior oil and gas energy company listed on the TSX Venture Exchange. Toro is focused on acquiring, developing and exploiting large oil in place pools within the Alberta-Saskatchewan Viking light oil fairway. Toro intends to grow by way of organic development and strategic acquisitions while maintaining strict financial discipline to maximize shareholder return.

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 Toro's vision, the characteristics of Toro's assets, the OOIP of Toro's assets, the liquidity and debt position of the Company, the anticipated timing and results of Toro's drilling program, the development strategy of the Company, the estimated production in respect of Toro's assets, and Toro's balance sheet. 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 forward-looking information contained in this press release is presented as of the date hereof and 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. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information including risks associated with the impact of general economic conditions, industry conditions, governmental regulation, volatility of commodity prices, currency fluctuations, imprecision of reserve and resource estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the Company's ability to access sufficient capital from internal and external sources. Additional risks and uncertainties are described in the Company's Annual Information Form dated April 27, 2015 which is filed under the Company's SEDAR profile at www.sedar.com.

Non-IFRS Measures

This press release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Cash flow from (used in) operations, operating netback and net debt (surplus) are not recognized measures under IFRS. Management believes that in addition to net income (loss), cash flow from operations, operating netback and net debt (surplus) are useful supplemental measures that demonstrate the Company's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Toro's performance. Toro's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Cash flow from (used in) operations is calculated by adjusting net income (loss) for other income, unrealized gains or losses on financial derivative instruments, transaction costs, accretion, share based compensation, impairment and depletion and depreciation. Operating netback is calculated based on oil and gas revenue less royalties, production expenses and transportation expenses. Net debt (surplus) is the total of cash plus accounts receivable, prepaids and deposits, less accounts payable plus bank debt.

51-101 Advisory

In conformity with 51-101, 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. In certain circumstances, natural gas liquid volumes have been converted to a thousand cubic feet equivalent ("mcfe") on the basis of one barrel of natural gas liquids to six thousand cubic feet of gas. Boes and mcfes 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.

SOURCE Toro Oil & Gas Ltd

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