

CALGARY, Nov. 17, 2015 /CNW/ - Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") announces its financial and operating results for the three and nine months ended September 30, 2015. Selected financial and operational information is set out below and should be read in conjunction with Toro's September 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.

Third Quarter Financial and Operational Highlights

- Averaged 710 boe/d in production, of which 58% represents oil and liquids compared to 169 boe/d of production in Q3 2014. Q3 2015 production represents an increase of 24% compared to the prior quarter and does not fully reflect the successful first phase drilling program completed by Toro during the third quarter of 2015. The Company's production began to ramp up later in the quarter wherein September 2015 production averaged 909 boe/d, weighted 65% to oil and liquids. This represents a 61% increase over Q2 2015 production;
- Successfully completed a first phase drill program including nine (9.0 net) Viking wells on the Company's Hamilton Lake property with one (1.0 net) well on its Consort block approximately 50 kilometers southeast of Hamilton Lake. Early in the fourth quarter of 2015, Toro commenced a second phase four (4.0 net) well drill program focused on its Consort block enabling Toro to fully renounce its CEE flow-through obligations. Incremental production from the first phase drilling program averaged 470 boe/d on an IP 30 basis. The Company anticipates further production gains with the completion and tie-in work of the second phase drilling program;
- Closed the previously announced production volume royalty financing for total gross proceeds of \$12 million. Funds raised were directly deployed to drilling programs;
- Continued to exercise financial discipline in an uncertain macro environment, with no amounts drawn on its credit facilities and cash remaining on the balance sheet.

Operational and Drilling Update

During the third quarter, Toro completed a ten (10.0 net) well program and prepared for a second phase drill program. The second phase program will be completed during the fourth quarter. Results of the first phase program and anticipated results of the second phase program are in-line with the Company's well type curve expectations at early stages of production. Toro drilled a combination of half mile and full mile horizontal wells in order to gather a data set to determine optimal capital efficiencies and maximize economics on future drill programs. With efficiencies achieved in the current market environment, Toro's drilling and completion costs ranged from \$750,000 to \$850,000 for half-mile and full-mile horizontal wells, respectively, resulting in capital efficiencies of less than \$20,000 per flowing boe. Toro expects to continue to achieve these attractive metrics on future capital programs.

Concurrently, Toro embarked on an initiative to assess the cost structure of its operations to further maximize profitability in a challenging commodity price market and to ensure the cost structure is 'right-sized' to the Company's current operations. Toro scrutinized all costs on a line by line basis, many of which were assumed either through the original recapitalization transaction or through the acquisition of the Hamilton Lake property, and has already implemented several cost cutting measures. The positive outcomes of these initiatives are expected to be realized in subsequent periods. In particular, operating costs during the third quarter were higher than in previous quarters as Toro elected to rent, rather than purchase, certain production equipment in order to preserve capital and to assess well performance prior to optimizing the scope and size of permanent production facilities. Once well performance is better understood, Toro intends to replace higher cost rentals with 100% owned equipment, driving operating costs materially lower. With the majority of the operating costs on Toro's Viking assets being fixed in nature, incremental production gains will also drive down per unit operating costs. Lastly, Q3 2015 per unit operating costs did not fully benefit from Toro's production gains which occurred late in the quarter. Taken as a whole, Toro expects to achieve unit operating costs of \$15 - \$18 per boe by the first half of 2016. Sustainability, and associated profitability, is a clear objective of the Company entering 2016.

Toro intends to communicate second phase drill program results prior to the end of the year in addition to providing capital and production guidance for 2016. Current economic and commodity markets will greatly influence Toro's plans entering 2016.

Liquidity and Capital Resources

Toro continued to operate through the third quarter of 2015 without the need to draw on amounts under its credit facilities. Toro's liquidity remained solid as it entered the fourth quarter of 2015. Drilling programs to the end of the year will continue to be funded by remaining cash on hand, cash flow from operations and existing credit facilities. Modest amounts of leverage may be utilized should the circumstances dictate and other forms of capital not be available or available on unattractive terms.

Subsequent to the quarter end, Toro's \$25 million credit facility with National Bank Financial was renewed comprised of a \$7 million demand operating line and an \$18 million demand acquisition/development line. Toro believes that available bank lines, together with other potential forms of capital and in conjunction with cost mitigation strategies already underway, effectively position the Company to accelerate growth and value creation upon a recovery in the broader energy marketplace.

Financial Results

(CAD\$ thousands unless otherwise specified)

	Three months ended September 30			Nine months ended September 30		
	2015	2014	% Change	2015	2014	% Change
Operational Performance						
Production Volumes						
Oil and NGLs (bbls/day)	414	107	287	319	127	151
Natural gas (mcf/day)	1,775	372	377	1,781	478	273
Oil equivalent (boe/day)	710	169	320	615	207	197
Financial Performance						
Production revenue ⁽¹⁾	2,459	1,038	137	6,056	3,902	55
Net comprehensive loss	(569)	(794)	(28)	(7,505)	(1,322)	468
Per share - basic and diluted	(0.01)	(0.20)	(95)	(0.13)	(0.35)	(63)
Cash flow from (used in) operations ⁽²⁾	(600)	45	(1,433)	(1,188)	824	(244)
Per share - basic and diluted	(0.01)	0.01	(200)	(0.05)	0.22	(123)
Realized Sale Prices						
Oil and NGL's (\$/bbl)	51.80	86.89	(40)	53.72	94.92	(43)
Natural Gas (\$/mcf)	2.98	5.34	(44)	2.83	4.68	(40)
Oil Equivalent (\$/boe)	37.65	66.76	(44)	36.07	69.05	(48)
Netback (\$/boe)						
Realized sales price	37.65	66.76	(44)	36.07	69.05	(48)
Royalties	(6.43)	(16.98)	(62)	(4.43)	(14.24)	(69)
Production expenses	(25.92)	(28.62)	(9)	(22.82)	(18.83)	21
Transportation expenses	(3.92)	(2.25)	74	(3.05)	(2.18)	40
Operating netback (\$/boe) ⁽²⁾	1.38	18.91	(93)	5.77	33.80	(83)
General and administrative	(12.81)	(30.03)	(57)	(18.08)	(26.75)	(32)
Interest and other income	1.78	1.80	(1)	4.80	1.17	310
Cash netback (\$/boe)	(9.65)	(9.32)	4	(7.51)	8.22	(191)
Capital expenditures						
Capital expenditures	11,002	99	nmf ⁽⁴⁾	14,245	498	nmf ⁽⁴⁾
Net acquisitions (dispositions) ⁽³⁾	(11,850)	-	nmf ⁽⁴⁾	(9,391)	(350)	nmf ⁽⁴⁾
Total capital expenditures	(848)	99	(957)	4,854	148	nmf ⁽⁴⁾

Liquidity

Net debt (surplus) ⁽²⁾	(1,936)	4,894	(140)	(1,936)	4,894	(140)
Bank facility - undrawn portion	25,000	3,502	614	25,000	3,502	614
Weighted average shares outstanding						
Basic	56,853,281	3,868,261	1,370	55,840,702	3,745,360	1,391
Diluted	56,853,281	3,868,261	1,370	55,840,702	3,745,360	1,391

(1) Production revenue

(2) Cash presented from operations, excluding (income) from the acquisition (surplus) of assets

(3) Represents royalties.

(4) Operations, excluding (income) from the acquisition (surplus) of assets measures. Not applicable. "Non-IFRS Measures".

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 the anticipated results of Toro's second phase drill program, anticipated future capital efficiencies, the expected reduction in per unit operating costs, forecasted future operating costs per unit and Toro's future liquidity and funding sources. 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 ("mcf") 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.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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