CALGARY, Feb. 4, 2016 /CNW/ - Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") is pleased to announce a summary of certain 2015 accomplishments along with its near term 2016 strategy and guidance in light of continuing volatile market conditions. Despite persistent weak commodity prices and other macro-economic headwinds for much of 2015, Toro materially increased its position within the Alberta Viking light oil fairway while taking advantage of capital and operating cost efficiencies. Continued focus on sustainability during the current commodity environment remains a key objective.

Certain noteworthy 2015 accomplishments include:

- Increased its position within the Viking light oil fairway by 51% to 140 net sections of land through acquisitions and Alberta Crown land sales. The Company closed four unrelated third-party acquisitions at industry low metrics in 2015 and was also successful at several Alberta Crown land sales equally at low metrics. Together, these initiatives added light oil production and a substantial drilling inventory to Toro's overall Viking portfolio;
- Achieved December 2015 field estimated production of 947 boe per day with current field estimated production of approximately 1,000 boe per day. This represents a 72% increase as compared to the December 2014 exit rate of 550 boe per day. Year-over-year, average production increased 351% from 196 boe per day in 2014 to 688 boe per day in 2015;
- Conducted a 14 well drill program over the course of the second half of 2015 during a brief reprieve in commodity prices. The program's main objectives included Alberta Viking light oil proof of concept, enhance base production and satisfaction of flow-through financing obligations. Successful drilling efforts culminated in a virtual doubling of Viking production over the course of four months;
- Results of the 2015 drill program together with the aforementioned acquisitions will be reflected in Toro's 2015 year-end reserve report currently being prepared by Sproule Associates Limited and anticipated to be released towards the end of February 2016;
- Initiated a comprehensive operating and overhead cost structure review in light of continued weakening commodity prices towards the end of 2015. The Western Canadian Viking fairway ranks as one of the most attractive with respect to full-cycle economic returns however with commodity prices outside the control of a company, Toro dedicated particular attention to controllable cost reductions. Financial and operating impacts of the Company's cost optimization initiatives are anticipated to be reflected in Toro's financial results commencing in the first quarter of 2016

Toro achieved the above accomplishments while maintaining a strong balance sheet and utilizing an attractive non-dilutive production volume royalty financing. 2015 year-end financial results will be released prior to the end of the first quarter 2016.

2016 Strategy

The continued weakening of commodity prices and related economic factors has been challenging for all oil and gas operators within the sector. In light of these challenges, Toro is focused on maintaining the Company's inherent value proposition while promoting sustainability through utilization of prudent amounts of leverage. Toro believes that companies which take measured steps will be best positioned to endure and thrive in the ultimate recovery of the commodity environment. During 2015 Toro continued to expand its business and value proposition for shareholders. Toro will remain vigilant to seize similar opportunities in 2016, however at current commodity prices, new drilling economics fall short of desired rates of return thresholds and accordingly, Toro expects to defer Viking drilling programs until a visible and stable recovery in commodity prices exists.

Further, to foster sustainability during volatile commodity price environments, Toro scrutinized both its operating and overhead costs on an itemized basis resulting in the implementation of several cost cutting initiatives. As compared to results in the third quarter of 2015, Toro anticipates these initiatives will translate into immediate reductions in costs over the first quarter of 2016 with further cost reductions and operating efficiencies targeted in 2016.

"2015 represented a significant year in Toro's history as a solid foundation was built to drive shareholder value," commented Barry Olson, President and Chief Executive Officer. "Our team worked diligently and focused efforts to grow the business in an otherwise risk-off environment which we believe sets the stage to accelerate growth and provide investment torque in a recovering commodity market. We look forward to providing future communications and updated 2016 guidance as the year unfolds."

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 deferral and timing of capital expenditures, the Company's anticipated financial position, the Company's drilling plans, estimated December 2015 production, estimated 2015 average production, anticipated cost savings resulting from cost mitigation tactics, the deferral of the drilling plans and timing for the provision of financial results, reserve reports and updated guidance. Such forward-looking information is based on the Company's current expectations regarding its future business and industry conditions 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 27, 2015 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.

SOURCE Toro Oil & Gas Ltd

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