

CALGARY, March 3, 2016 /CNW/ - Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") is pleased to announce the results of its independent reserve evaluation by Sproule Associates Limited ("Sproule") as of December 31, 2015 and dated February 26, 2016 (the "Sproule Report"). The Sproule Report reinforces Toro's ability to build shareholder value. Highlights include:

- Total Proved plus Probable ("2P") reserves per share growth of 63% with production per share growth of 150%, year-over-year;
- 2P Net Asset Value ("NAV") of \$1.11 per share, based on the Sproule Report and Toro's internal estimates of undeveloped land value and debt;
- Toro closed four independent counter-cyclical acquisitions during 2015 at industry low metrics.

The Sproule Report includes all acquisitions completed during 2015 in addition to the results of the 14 well drilling program completed prior to the end of the year. During 2015, Toro focused capital and efforts to build and expand its presence in the Alberta Viking light oil fairway. The Company believes the foundation built over the last 18 months provides superior investment torque upon a sustained recovery of commodity prices. Consistent with the Company's corporate strategy, Toro looks to continue building value through targeted complementary acquisitions and organic growth initiatives and achieve oil and gas performance metrics consistent with top quartile producers.

The financial and operational information contained in this press release is based on estimates and is unaudited.

Reserve Report Highlights

- Increased Proved Developed Producing ("PDP") Reserves by 106% to 1.8 MMboe (67% liquids) while similarly increasing Total Proved ("TP") reserves and 2P reserves by 122% to 4.1 MMboe (72% liquids) and 139% to 5.7 MMboe (72% liquids), respectively;
- Achieved a reserve replacement ratio of 10 times on a TP basis and 14 times on a 2P basis;
- Finding, Development & Acquisition ("FD&A") costs including Future Development Capital ("FDC") were \$20.90 per boe on a TP basis and \$16.08 per boe on a 2P basis, both metrics are competitive and in-line with companies also active in the Alberta Viking fairway;
- Successfully completed Toro's initial phase Consort drilling program, satisfying all flow-through obligations, the results of which are included in the Sproule Report. At this early stage development, Consort represents 11% of the total 2P value and 10 of the total 45 future locations in the Sproule Report;
- Excluding the value attributed to the Production Volume Royalty ("PVR") Agreement financing which closed in July 2015, net present value of the future net revenue discounted at 10% ("NPV10") for PDP reserves increased to \$22.2 million or 29% year-over-year with NPV10 2P reserves increased by 84% to \$70.4 million excluding the PVR year-over-year. These value increases are noteworthy when one considers the 31% decrease in underlying West Texas Intermediate ("WTI") prices from December 31, 2014 to December 31, 2015;
- 2P Reserve Life Index ("RLI") is 16.4 years based on annualized December 2015 average production;
- 2P reserves includes 43 future locations across Toro's Alberta Viking portfolio which represents less than 10% of Toro's total internally estimated number of Viking drilling locations;
- FDC associated with the 2P reserves is \$44.4 million undiscounted (\$37.1 million discounted at 10%), \$7.2 million of which is expected to be incurred in 2016 with the balance substantially incurred by the end of 2018.

2015 Year End Reserve Summary

The summary tables below set forth Toro's gross working interest reserves as at December 31, 2015 in the Sproule Report. The reserves and reporting was conducted in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") and in National Instrument 51-101 Standards for Disclosure of Oil and Gas Activities ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in our Annual Information Form which will be filed on SEDAR on or before the end of March 2016.

Summary of Gross Oil and Gas Reserves ^{(1),(2)}

	Oil	Light and Medium Natural Gas (Associated, non-associated and solution)	Natural Gas Liquids (Mbbbl)	Natural Gas Equivalent (Mboe)	Barrels of Oil Net Undeveloped Wells Booked
	(Mbbbl)	(MMcf)			
Proved					
Developed Producing	1,207	3,551	20	1,819	
Developed Non-Producing	3	336	-	59	
Undeveloped	1,726	3,155	13	2,265	38
Total Proved	2,936	7,042	33	4,143	
Probable	1,088	2,569	9	1,524	7
Total Proved plus Probable	4,023	9,611	42	5,667	45

Summary of Net Present Values of Future Net Revenues Before Income Taxes Discounted at (%/yr) (M\$) ^{(1),(3),(4),(5)}

	10%	15%	20%
Proved			
Developed Producing	5,812	7,485	8,167
Developed Non-Producing	353	245	169
Undeveloped	21,955	14,708	9,655
Total Proved	28,120	22,439	17,991
Probable	25,953	19,428	15,134
Total Proved plus Probable	54,073	41,866	33,126

Notes:

- (1) The tables summarize the data contained in the Sproule Report and as a result may contain slightly different numbers due to rounding
- (2) Gross reserves means the total working interest (operated or non-operated) share of remaining recoverable reserves owned by Toro before deductions of royalties payable to others
- (3) Based on Sproule December 31, 2015 forecast prices
- (4) Values include the impact of Toro's PVR Agreement based on Sproule December 31, 2015 forecast prices and future abandonments
- (5) Net present value estimates do not represent fair market value

Future Development Capital

The following is a summary of the estimated FDC required to bring both TP and 2P reserves on production.

(\$ thousands)

Total Proved Total Proved plus

		Probable
2016	7,170	7,170
2017	17,659	17,659
2018	12,612	18,908
Thereafter	704	704
Total Undiscounted	38,145	44,441
Total Discounted at 10%	32,163	37,125

Net Asset Value

Based on the Sproule Report, and Toro's internal estimates of undeveloped land value and debt, Toro's estimated NAV is as follows:

(\$ millions except per share amount)

2P Reserves NPV10 BT ⁽¹⁾	54.1
Undeveloped land ⁽²⁾	15.0
Net debt ⁽³⁾	(6.2)
Proceeds from dilutive securities ⁽⁴⁾	-
Net Asset Value	62.9
NAV per fully diluted share	\$ 1.11

Notes:

(1) Evaluated by Sproule as at December 31, 2015. Net present values do not represent market values for the reserves

(2) Internally evaluated taking into consideration land values assessed by peers for similar Viking acreage

(3) Net debt as at December 31, 2015, including working capital deficit (unaudited)

(4) As at December 31, 2015 no outstanding options nor warrants are in the money. Number of shares used for purposes of determining net asset value per share is 56.9 million shares

Summary of Pricing and Inflation Rate Assumptions & Forecast Prices and Costs

The Sproule Report was based on reference pricing, inflation and exchange rates as at December 31, 2015 and as summarized below.

Year	WTI Cushing Oklahoma 40° API (\$US/bbl)	Canadian Light Sweet 40° API (\$Cdn/bbl)	Cromer 35° API (\$Cdn/bbl)	LSB AECO (\$Cdn/MMbtu)	Natural Gas (\$Cdn/MMbtu)	NGLs Edmonton Pentanes (\$Cdn/bbl)	NGLs Edmonton Butanes (\$Cdn/bbl)	Inflation Rate %/year	Exchange Rate (\$Cdn/\$US)
2016	45.00	55.20	54.20	2.25	59.10	39.09	0.0	0.75	
2017	60.00	69.00	68.00	2.95	73.88	51.43	0.0	0.80	
2018	70.00	78.43	77.43	3.42	83.98	58.46	1.5	0.83	
2019	80.00	89.41	88.41	3.91	95.73	66.64	1.5	0.85	
2020	81.20	91.71	90.71	4.20	98.19	68.35	1.5	0.85	
2021	82.42	93.08	92.08	4.28	99.66	69.38	1.5	0.85	
2022	83.65	94.48	93.48	4.35	101.16	70.42	1.5	0.85	
2023	84.91	95.90	94.90	4.43	102.68	71.48	1.5	0.85	
2024	86.18	97.34	96.34	4.51	104.22	72.55	1.5	0.85	
2025	87.48	98.80	97.80	4.59	105.78	73.64	1.5	0.85	
2026	88.79	100.28	99.28	4.67	107.37	74.74	1.5	0.85	

Escalation Rate of 1.5% thereafter

Senior Management Promotion

Toro is also pleased to announce the promotion of Mr. Neil Wilson, Toro's Vice President of Engineering to Chief Operating Officer effective immediately. As disclosed in Toro's public materials, Mr. Wilson has over 23 years of increasingly senior technical and management experience in the upstream oil and gas sector.

"Neil has contributed significantly to the value proposition established here at Toro," commented Barry Olson, President and Chief Executive Officer. "His technical skills and business acumen will continue to serve the Company well in the creation of shareholder value and hence, the promotion to Toro's Chief Operating Officer is most deserving."

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.

Abbreviations

bbls	barrels
bbls/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mbbl	thousands of barrels
Mboe	thousands of barrels of oil equivalent
MMboe	millions of barrels of oil equivalent
Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMbtu	million British thermal units

Caution to Readers

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 regard to Toro's strategic position, future acquisition opportunities, expectations as to growing Toro's reserve base, achievement of performance metrics, drilling locations, future development costs associated with oil and gas reserves, creation of shareholder value and impact of senior management appointments. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

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. Such assumptions and expectations include, but are not limited to expectations concerning: commodity prices and currency exchange rates; applicable royalty rates; interest rates; future well production and reserve volumes; operating costs; the performance of existing wells; the success of new wells; anticipated timing and results of capital expenditures; sufficiency of capital budgets; successful completion of acquisitions and dispositions; industry conditions; availability and cost of financing; and ability to successfully market its oil and gas products.

Although Toro believes that the expectations and assumptions on which such forward-looking information is based are reasonable, readers are cautioned not to place undue reliance on forward-looking information. Actual results may differ materially from forward-looking information. Forward-looking information involves significant known and unknown risks and uncertainties, including certain risks and uncertainties 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.

The forward-looking information is presented as of the date of the press release. 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.

Unaudited financial information

Certain financial and operating information included in this press release for the quarter and year ended December 31, 2015 including finding, development & acquisition costs, reserve replacement ratio, production information, undeveloped land and net asset value are based on estimated unaudited financial results for the quarter and year then ended, and are subject to the same limitations as discussed under Forward-Looking Information set out above. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2015 and changes could be material.

Per share information is based on the total common shares outstanding, after accounting for outstanding in the money options,

at December 31, 2015, which was 56.9 million shares.

Oil and Gas Advisories

The reserve data provided in this press release presents only a portion of the disclosure required under National Instrument 51-101. All of the required information will be contained in Toro's Annual Information Form for the year ended December 31, 2015, which Toro expects to file on SEDAR (accessible at www.sedar.com) on or before March 30, 2016.

Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates presented herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater or less than the estimates provided.

BOE Disclosure

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.

Drilling Locations

This press release may disclose drilling locations in four categories: (i) proved undeveloped locations; (ii) probable undeveloped locations; (iii) unbooked locations; and, (iv) an aggregate total of (i),(ii) and (iii). Proved undeveloped locations and probable undeveloped locations are booked and derived from the Company's most recent independent reserves evaluation as prepared Sproule as of December 31, 2015 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of the Company's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company will actually drill wells is ultimately dependent upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Oil and Gas Metrics

This press release contains metrics commonly used in the oil and natural gas industry, such as "reserve replacement ratio", "finding and development costs", "finding, development and acquisition costs" and "reserve life index". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies and therefore should not be used to make such comparisons. Such metrics have been included to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon.

"Reserve Replacement Ratio" is calculated by dividing the annual increase in the applicable reserve category after adding back production for the year by the total production for the year.

"Reserve Percentage Change" is calculated by dividing the change in the reserve category assessed, after adding back production for the period, by the prior year reserve volume.

"Finding and Development (F&D) costs" are calculated as the sum of development capital plus the change in future development capital for the period divided by the change in reserves for the category assessed.

"Finding, Development and Acquisition (FD&A) costs" are calculated as the sum of development capital and acquisition capital plus the change in future development capital for the period divided by the change in reserves for the category assessed.

"Reserve life index" is calculated as gross working interest reserves divided by annual production.

Both F&D and FD&A costs take into account reserves revisions during the year on a per boe basis. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total F&D costs related to reserves additions for that year.

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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