CALGARY, March 31, 2016 /CNW/ - Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") announces that it filed its financial and operating results for the fourth quarter and year ended December 31, 2015 with the Canadian Securities Administrators. The Company's financial statements, Management's Discussion & Analysis ("MD&A") and Annual Information Form ("AIF") can be found on the SEDAR website (www.sedar.com) or on the Company's website (www.torooil.com). Included in the AIF is the annual oil and gas disclosure of the Company as at December 31, 2015 required under National Instrument 51-101. Reserves at December 31, 2015 were independently evaluated by Sproule Associates Limited ("Sproule").

Fourth Quarter Financial and Operational Highlights

- Averaged 903 boe/d in production during Q4 2015, of which 63% represents oil and liquids compared to 165 boe/d of production in Q4 2014, a greater than five-fold increase over the comparable period. Production per share growth over the same comparable period equated to 289%;
- Successfully closed an opportunistic Viking light oil acquisition which added over 100 boe/d, net to Toro, 10.8 (8.9 net) sections of land and 146.4 thousand boe, net to Toro, of Proved plus Probable ("2P") reserves to the Company's Viking portfolio at a purchase price of approximately one million dollars. This implies a cost per flowing barrel metric of approximately $10,000 and $6.83 per boe on a 2P reserve basis;
- Completed a four (4.0 net) well second phase drilling and completion program on our Consort block accomplishing a number of objectives, including but not limited to, verification of the Consort acreage as a new development area and satisfaction of Toro's flow-through share obligations. Consort acreage comprises 11% of Toro's overall reserve value as independently evaluated by Sproule versus no booked reserves at December 31, 2014;
- Implemented a number of operating and corporate overhead cost cutting initiatives, including but not limited to, removal of rental equipment, incremental efficiencies in transportation arrangements, reductions in number of personnel and salary reductions. The goal of these various initiatives remains to be sustainable in a low commodity environment.

Financial Results

(CAD$ thousands unless otherwise specified)

	Three months ended December 31			Year ended December 31		
	2015	2014	% Change	2015	2014	% C
Operational Performance						
Production Volumes						
Oil and NGLs (bbls/d)	573	101	467	383	120	219
Natural gas (mcf/d)	1,981	386	413	1,831	455	302
Oil equivalent (boe/d)	903	165	447	688	196	251
Financial Performance						
Production revenue (1)	3,143	771	308	9,200	4,673	97
Net comprehensive loss	(4,084)	(22,145)	(82)	(11,589)	(23,467)	(51
Per share - basic and diluted	(0.07)	(0.64)	(89)	(0.21)	(2.04)	(90
Cash flow used in operations (2)	(478)	(2,194)	(78)	(1,665)	(1,370)	22
Per share - basic and diluted	(0.01)	(0.06)	(83)	(0.03)	(0.12)	(75
Realized Sale Prices						
Oil and NGL's ($/bbl)	48.18	66.63	(28)	51.63	89.26	(42
Natural Gas ($/mcf)	3.31	4.26	(22)	2.97	4.59	(35
Oil Equivalent ($/boe)	37.83	50.72	(25)	36.64	65.32	(44
Netback ($/boe)						
Realized sales price	37.83	50.72	(25)	36.64	65.32	(44

Royalties	(6.01)	(9.16)	(34)	(4.95)	(13.21)	(63
Production expenses	(25.68)	(32.21)	(20)	(23.75)	(21.72)	9
Transportation expenses	(3.15)	(1.98)	59	(3.08)	(2.12)	45
Operating netback ($/boe) [2]	2.99	7.37	(59)	4.86	28.27	(83
General and administrative	(9.53)	(152.63)	(94)	(15.24)	(53.51)	(72
Interest and other income	0.59	1.31	(55)	3.40	1.96	73
Cash netback ($/boe)	(5.95)	(143.95)	(96)	(6.98)	(23.28)	(70
Capital expenditures						
Capital expenditures	6,870	2,712	153	21,115	3,278	544
Net acquisitions (dispositions) [3]	1,026	26,936	(96)	(8,365)	26,518	(13
Total capital expenditures	7,896	29,648	(73)	12,750	29,796	(57
Liquidity						
Net debt (surplus) [2]	6,186	(5,133)	(221)	6,186	(5,133)	(22
Bank facility - undrawn portion	24,200	25,000	(3)	24,200	25,000	(3)
Weighted average shares outstanding						
Basic	56,926,832	34,476,115	65	56,114,466	11,521,584	387
Diluted	56,926,832	34,476,115	65	56,114,466	11,521,584	387

[1] Production revenue is presented gross of royalties.

[2] Cash flow 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.

Operational Update

During the fourth quarter of 2015, Toro completed its second phase drilling and completion program which concentrated efforts on its Consort property. In doing so, Toro achieved two key objectives of the program. First, early results substantiate Toro's view that its Consort block may prove to be a new play warranting future development, and second, expenditures incurred on this phase together with expenditures incurred in other operations satisfied Toro's December 2014 CEE flow-through share obligations. Although at a very early stage, Toro's Consort value as evaluated by Sproule and contained in their report effective December 31, 2015, represents approximately 11% of the combined value of Toro reserves.

Toro also remained vigilant throughout the fourth quarter in sourcing opportunistic acquisitions to add to its already extensive Viking light oil portfolio evidenced by an acquisition of 100 boe/d for approximately one million dollars. Management believes the acquisition supports Toro's strategy to augment the overall portfolio at transaction metrics which are very competitive with industry averages.

The fourth quarter experienced higher than average operating costs, however, many of these costs were planned and expected. As a result of initial drilling programs at Hamilton Lake and Consort, Toro rented several production equipment components until well performance was better understood. This resulted in an operating cost increase of approximately $5 per boe. Most of these components were replaced with permanent equipment towards the end of 2015 and into the first quarter of 2016. As a result, Toro anticipates material reductions in per unit operating costs going forward. Moreover, Toro implemented a number of other cost mitigation strategies towards the end of 2015 which are expected to further reduce operating and overhead costs.

Liquidity and Capital Resources

During 2015, Toro did not draw materially on its credit facility, however the Company accessed the credit line towards the end of the year and into the first quarter of 2016 as opposed to utilizing more expensive forms of capital to fund a number of items which progressed the business. These included, but were not limited to, completion of the second phase drilling and completion program at Consort, acquisition of right-sized and permanent production equipment and funding the aforementioned December 2015 tuck-in acquisition. At year-end, Toro had drawn on its credit facility in the amount of $800 thousand, however year-end net debt equated to approximately $6.2 million and largely reflects expenditures incurred for the above that were either not yet invoiced by the vendor or remained in payables at year-end. Toro's credit facility is reviewed semi-annually by its lender and is largely determined by the future cash flows of Toro's proved producing reserves. The lender commenced its semi-annual review early in March 2016 which is still ongoing.

Outlook and Capital Budget

As previously disclosed, Toro deferred its 2016 drilling program until it foresees a prolonged and sustained recovery of commodity prices. While Viking light oil well economics present some of the most attractive returns in the basin even at low oil prices, Toro believes maximization of shareholder return is best achieved by drilling in more robust markets, not simply at the margin of economic break even returns. Toro anticipates communicating updates to its operational plans as the circumstances and situation warrants.

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
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day

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 prospective development of Toro's Consort block, 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. 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. 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 March 31, 2016 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.

Estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Estimated values of reserves may or may not represent the fair market value of the reserve estimates.

SOURCE Toro Oil & Gas Ltd

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