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CALGARY, June 15, 2016 /CNW/ - Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") is pleased to announce that, in connection with its previously announced overnight marketed offering, it has now entered into a bought deal financing agreement with a syndicate of underwriters led by AltaCorp Capital Inc., and including GMP Securities L.P., Macquarie Capital Markets Canada Ltd., National Bank Financial Inc., FirstEnergy Capital Corp. and PI Financial Corp. (collectively, the "Underwriters"), to sell 49,138,600 units ("Units") of the Company at a price of $0.23 per Unit for gross proceeds of approximately $11.3 million (the "Offering"). Each Unit consists of one common share ("Common Share") and one-half of one transferable common share purchase warrant ("Warrant") of the Company. Each whole Warrant will be exercisable at $0.40 and will entitle the holder thereof to acquire one Common Share for a period of three years following the closing of the Offering. The Company will file an amended and restated preliminary prospectus in all provinces of Canada, except Québec, to reflect the terms of the Offering.

The Company has also granted the Underwriters an over-allotment option to purchase additional Units in an amount up to 15% of the number of Units sold pursuant to the Offering, exercisable in whole or in part at any time up to 30 days from the closing of the Offering.

The Offering is being conducted in all Provinces of Canada (other than Québec) and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the U.S. Securities Act of 1933, as amended.

The net proceeds from the Offering will be used to expand the Company's capital budget, for debt reduction and for general corporate purposes.

The completion of the Offering is subject to certain conditions, including the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange ("TSXV"). Closing of the Offering is expected to occur on or about June 29, 2016.

The Company has applied to list the Common Shares, Warrants and shares issuable upon conversion of the Warrants pursuant to the Offering on the TSXV. Such listing will be subject to Toro fulfilling all of the listing requirements of the TSXV.

The Common Shares and Warrants underlying the Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Units in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Corporate Update

Toro continues to be encouraged by the production performance of wells drilled during the Company's 2015 first phase program at Hamilton Lake. Production results for a number of Hamilton Lake wells now exceed six months. Toro's Hamilton Lake acreage consists of 83 net sections out of a total 140 net sections of Alberta Viking acreage. As reported in the Company's 2015 year-end reserves press release on March 3, 2016, Toro delivered finding, development and acquisition costs on a proved plus probable basis of $16.08 per boe which is very comparable to other long-standing Viking oil producers and evidences the quality of the Hamilton Lake Viking play. In conjunction with its external reserve evaluator, Sproule Associates Limited, Toro recorded 45 drilling locations in its December 31, 2015 reserve report, however Toro assesses its Viking portfolio to contain over 600 potential drilling locations, the majority of which are at Hamilton Lake. The Company believes that actual Toro Hamilton Lake well performance together with heightened acquisition activity in the Alberta Viking fairway continues to support a value proposition for Toro shareholders. Upon the successful completion of this financing, the Company anticipates it will be well positioned to take advantage of recovering commodity prices.

Toro intends to release updated Board approved guidance for the balance of 2016 assuming a successful closing of this financing and with improved clarity of future commodity prices.

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 completion and timing of the Offering, the filing of the amended and restated preliminary prospectus, the use of proceeds from the Offering, the number of potential drilling locations in Toro's Viking portfolio, the quality of the Hamilton Lake Viking play and the ability of Toro to take advantage of increasing commodity prices. Such forward-looking statements are based on a number of assumptions, including the timely receipt of all required regulatory approvals for the Offering and the satisfaction of other closing conditions pertaining to the Offering.

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.

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.

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.

Oil and Gas Advisory

The disclosure of possible drilling locations contained herein has not been prepared by an independent qualified reserves evaluator or auditor. The estimate of such potential drilling locations has been prepared internally by Toro who is a qualified reserves evaluator and in accordance with the COGEH Handbook.

SOURCE Toro Oil & Gas Ltd

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