Toro Oil & Gas Ltd Announces Non-Core Asset Divestiture and Provides Corporate Update

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Toro Oil & Gas Ltd. (TSXV: TOO) ("Toro" or the "Company") is pleased to announce the closing of a non-core asset divestiture and also provides a corporate update addressing plans for the balance of 2016 and early 2017.

Non-Core Asset Divestiture

As part of Toro's ongoing efforts to divest legacy non-core properties, Toro successfully closed a divestiture of its non-operated Pembina property to an arm's length industry participant for total cash consideration of $2.25 million. The divestiture involves approximately 50 boe/d of production with associated Company gross reserves of 214.1 mbbls as at December 31, 2015. The per flowing barrel metric equals approximately $45,000 with an associated cash flow multiple of 5.5 times at current commodity prices. On all key valuation metrics, this non-core divestiture is accretive to the Company's current valuation. Toro has also received non-binding letters of intent for various other dispositions of non-core oil and gas and infrastructure assets and is working diligently to complete these transactions, however, there can be no certainty any such transactions will be completed. All other dispositions if completed, both on producing and non-producing properties, are expected to be in the form of cash consideration. Toro considers all non-Viking properties to be outside its core business and value proposition. Net proceeds from the Pembina divestiture, in addition to anticipated proceeds from other divestitures, will supplement existing cash reserves and help fund future drill programs as discussed below.

Corporate and Operations Update

In addition to asset rationalization efforts, Toro has advanced certain pre-drill activities in anticipation of a drill program for up to ten wells anticipated to commence in late 2016/early 2017, subject to a sustained recovery in commodity prices. Toro has initiated surveying on selected high-graded Viking locations both in the Hamilton Lake and Consort areas. Upon macro signals that a commodity recovery may occur over the coming quarters, Toro intends to be 'drill-ready' to take advantage of attractive service rates in order to enhance well economics. The Company believes that competitive rates of return can be achieved when underlying West Texas Intermediate ("WTI") prices exceed US$50 per barrel. Toro's next phase of drilling is expected to further validate and define the 600 potential drilling locations on Toro's Viking lands. As previously communicated, production history on Toro's 2015 horizontal drilling now approaches one year and results on average have exceeded the low decline type-well curve as set out by Toro's independent reserve evaluator which forms the basis of Toro's 2015 year-end reserve report. Continued confidence in well production performance, attractive service costs and overall operating cost reduction activities, when combined with a recovery in commodity prices are anticipated to deliver robust economics and enhance shareholder value.

Toro also recently began minor infrastructure projects under the Board approved second half 2016 capital budget of $750,000, the benefits of which are anticipated to be incremental production of approximately 30 boe/d and reduction of operating costs of up to $1.00 per boe.

Toro also advises that it has terminated its operating credit facility (the "Facility") with National Bank (the "Bank"). As disclosed in the Company's prospectus dated June 22, 2016, the Company's Facility had previously been structured with prescribed reductions over the third and fourth quarters of 2016 leading into a semi-annual review at December 1, 2016. With existing cash reserves and proceeds from divestitures, the Company does not foresee a need in the short-term to draw on amounts under the Facility and as such the Company can avoid certain carrying costs with the Facility's elimination. Reduction of bank carrying charges is consistent with Toro's concerted efforts over the last several quarters to reduce both operating and corporate costs. The security package established with the Bank will remain in place providing sufficient credit support for existing Toro commodity hedges. With regards to the Company's hedging program, Toro recently secured a 100 bbls/d costless collar for the balance of the year. This brings total production protected from downward price volatility between now and the end of 2016 to 200 bbls/d, or approximately 55 per cent of recent liquid production performance. The weighted average downside floor price across the various instruments equates to WTI C$60.25 thus ensuring or locking in a minimum realized sales price on future production. The Company looks to build and extend its hedging program to subsequent quarters to further protect sustainability of the business, inclusive of hedging on incremental drilling programs currently being planned.

Message from the President

Despite the market turmoil experienced in the energy industry over the last couple of years, Toro has effectively executed on a number of initiatives to move the value proposition forward. Many of these accomplishments have been directed to two main goals: (1) capture, delineate and begin to develop a very sizeable Viking resource base, and (2) protect and enhance the liquidity of the Company. With Toro's financing during the summer of 2016 and the closing of the Pembina disposition, Toro's liquidity position has been shored up in the short term which provides the foundation to more actively achieve our first goal. Hamilton Lake drilling results continue to surpass our expectations and properly capitalized, these resources can be fully exploited. Consort represents a second sizeable resource pool which we believe will also yield attractive drill targets with further enhancements to drilling and completion programs. While Toro has managed many forms of risk, that certainly does not mean we rest on those actions. To create shareholder value, we must get back to the field and to that end, we are preparing our third drilling program on our Viking land holdings. In Toro's view, market factors and sentiment may be slightly turning to the positive and as such we intend to be ready to move quickly upon a final decision to commence the program and commit capital. Further drilling programs will be accompanied by additional hedging activity to guard against potential commodity volatility. All stakeholders of Toro expect the Company to expand the production and reserve base by drilling wells. We are keenly aware of this expectation and look to continue to execute on our corporate goals.

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
mbbls ... thousand of barrels
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 closing of any future non-core asset divestitures, use of proceeds from the Pembina divestiture and future non-core asset divestitures, timing of any future drilling programs, the number and risk profile of the Company's drilling inventory, anticipated future capital efficiencies, the expected reduction in per unit operating costs, forecasted future operating costs per unit, Toro's ability to take advantage of better commodity prices 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.*

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.

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 Associates Limited ("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.

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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