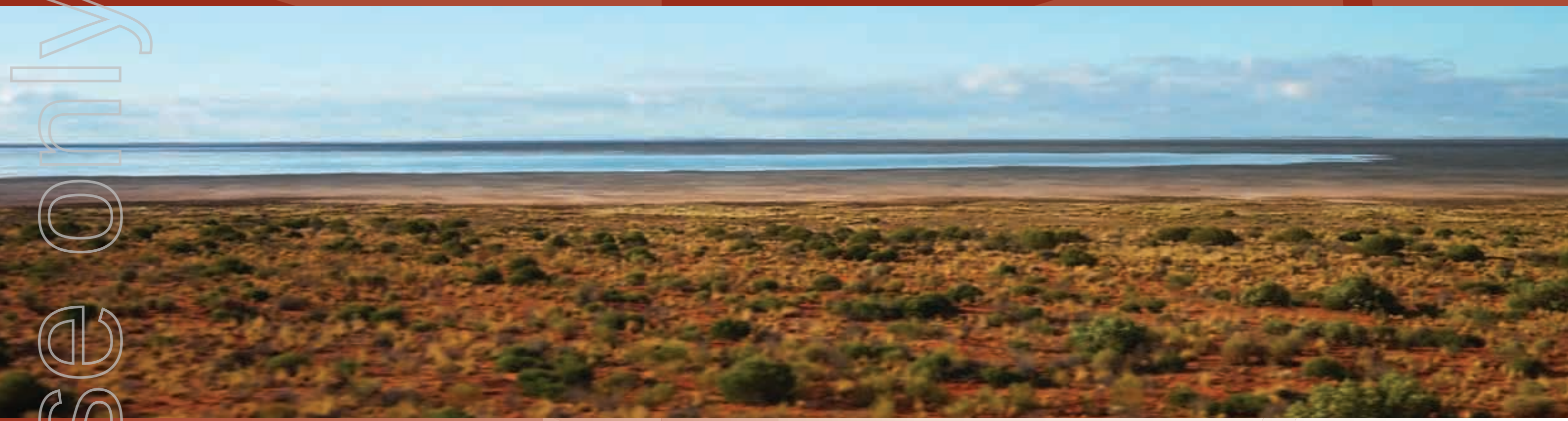
TORO ENERGY LIMITED

An emerging Australian uranium producer

ANNUAL REPORT 2010

TORO ENERGY LIMITED ABN 48 117 127 590



COMPANY PROFILE

Toro Energy Limited is an Australian uranium explorer and project developer with a growth strategy set to deliver sustainable production, initially from our flagship Wiluna Project in Western Australia. We have other important assets in Western Australia, South Australia, the Northern Territory and the African State of Namibia.

CONTENTS

STRATEGY and OBJECTIVES

CORPORATE STRATEGY

To become a significant sustainable uranium mining company focusing on developing a top tier exploration and production profile in the global uranium mining sector.

Our Targets:

'Significant'

- Annual Production of greater than 2.2 million pounds (1,000 tonnes) U_3O_8 by 2015
- Annual Production of greater than 5.5 million pounds (2,500 tonnes) U_3O_8 by 2020

'Sustainable'

- A JORC Resource greater than 100 million pounds (45,000 tonnes) U_3O_8 by 2011
- A JORC Resource greater than 220 million pounds (100,000 tonnes) U_3O_8 by 2015
- Managing environmental, safety, health and social issues to maximise positive impacts on our community

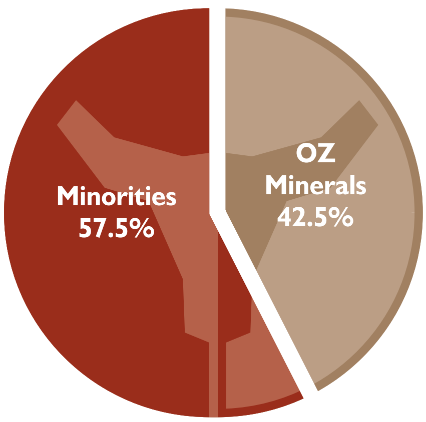
Since listing in March 2006, Toro has worked to be one of the next generation of uranium mining companies. We plan to fulfil this ambition in 2013 when the Wiluna Uranium Project is commissioned and begins production.

In the near term, we are also pursuing our strategy by:

- industry leading exploration efforts in politically supportive regions seeking to discover high grade uranium deposits with economic scale;
- corporate mergers and other business development activities designed to mitigate risk and provide Toro with a long-term future in uranium production.

As a result, Toro will be a pre-eminent Australian uranium investment opportunity with a reputation for best practice operations in mining, processing, safety, environmental protection, community engagement and customer service.

Toro Shareholding



Radiation monitoring.

THE YEAR IN REVIEW

HEADLINES

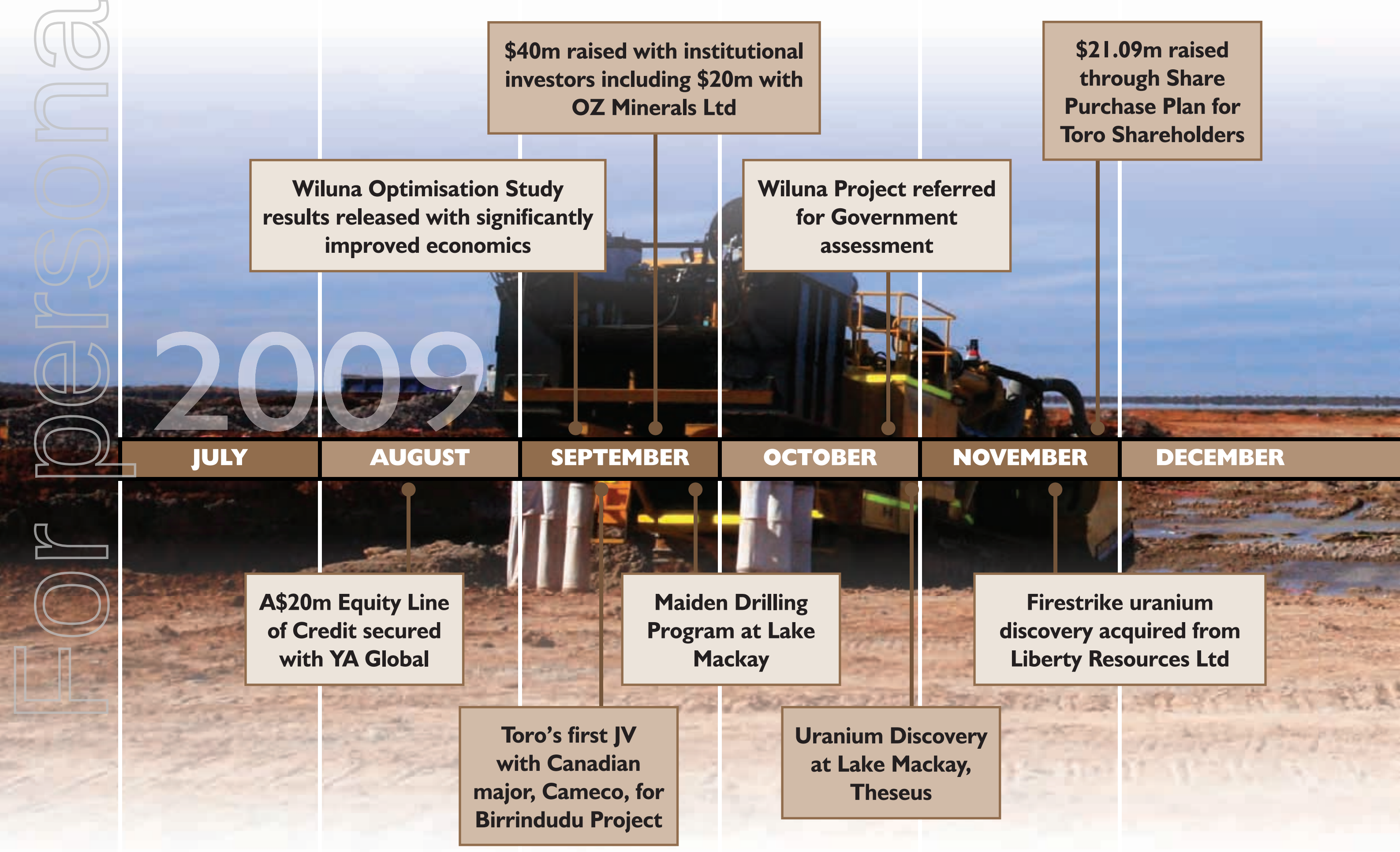
Wiluna Optimisation Study
- 31% increase in resource grade
- 38% increase in head grade to 653ppm
- Reduced operating and capital costs

Theseus Uranium Discovery
- LP29 5m @ 216ppm from 103m
- LP29 12m @ 102ppm from 106m
- LP31 2m @ 646ppm from 106m

A$61m Funds Raised
- $20m OZ Minerals
- $20m Institutional
- $21m Share Purchase Plan

Four Corporate Deals Completed
- Principles of Agreement with MMG on Wiluna assets
- Firestrike uranium discovery acquisition
- $20m Equity Line of Credit
- Cameco JV on Birrindudu Project

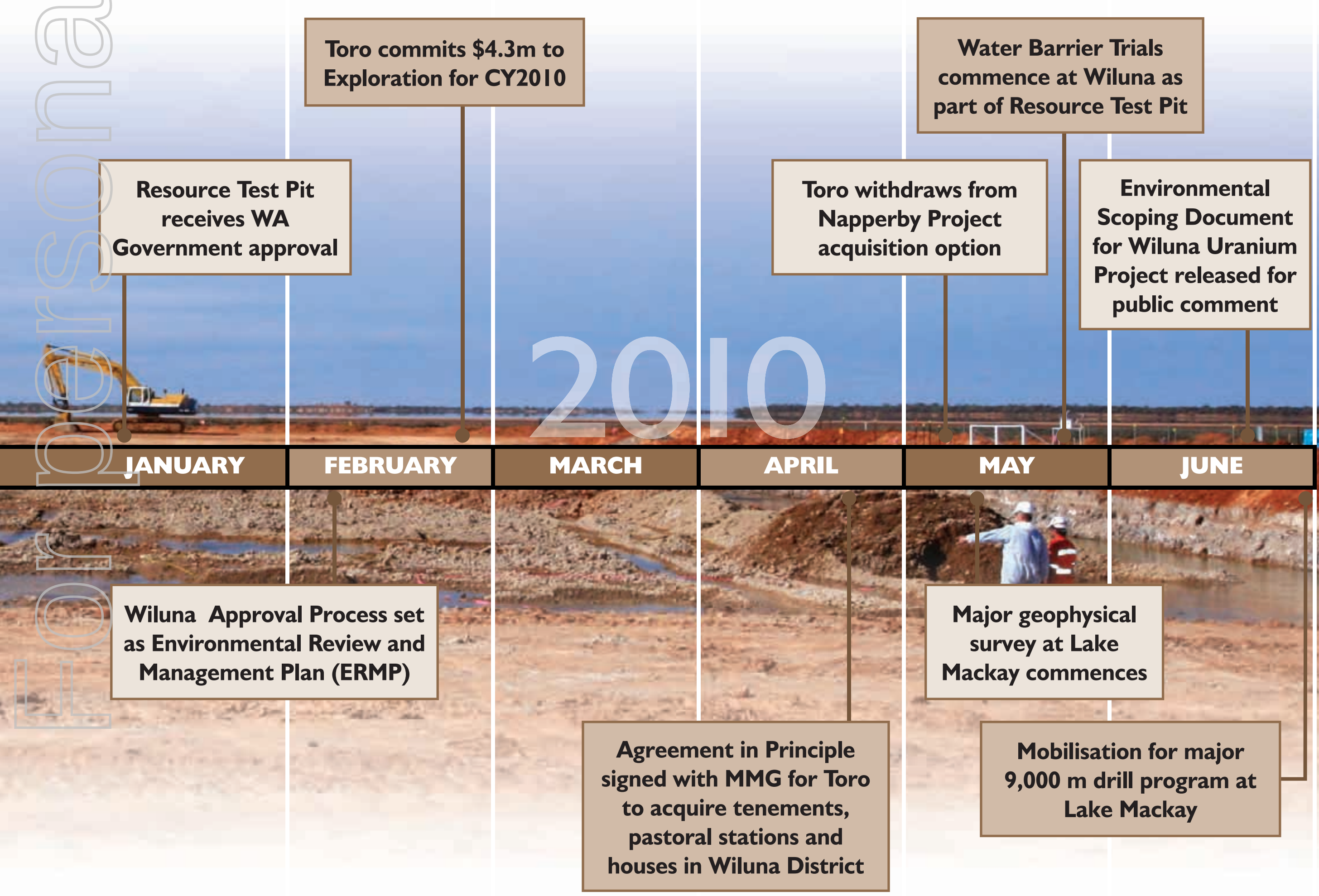
HIGHLIGHTS



THE YEAR AHEAD

- Presentation of full environmental documentation to seek Government approvals for the Wiluna Uranium Project
- Extending uranium sales discussions to Europe, Korea and China
- Continuing engagement with Traditional Owners on heritage and a future mining agreement
- Acquiring additional uranium tenements in the Wiluna Project area
- Expansion of our exploration program in Western Australia and the Northern Territory
- Completion of Resource Test Pit at Wiluna and associated Pilot process work

HIGHLIGHTS



From the

CHAIRMAN and the MANAGING DIRECTOR

Erica Smyth, *Chair*

Toro Energy shareholders,

In a year of uncertainty which began with the Global Financial Crisis continuing its impact and ended with domestic turmoil over the Australian Government's Resource Super Profits Tax, we are pleased to advise that our Company made further major progress towards the commencement of its first operation.

We completed the Optimisation Study for our Wiluna Uranium Project, commenced the Government assessment and approvals process and secured approval for a trial pit, all geared towards first production in 2013.

Toro ended the year undertaking its first round of off-take agreement negotiations in Japan and the United States for uranium oxide product from Wiluna.

On the exploration front, we made our first greenfield uranium discovery, Theseus, at Lake Mackay in Western Australia, an exciting project with excellent potential to add to our mid-term project pipeline.

These are great achievements for a company only just over four years old.

It was therefore disappointing to end a year of such high achievement with weakness in the Toro share price.

The year was one of challenge for the uranium market. The spot price globally continued to trade flat at around US$41/lb U_3O_8 as global financial conditions were tested by credit concerns in Europe and mixed signals out of the United States. In Australia, the uncertainty created by the initial proposal to impose a super profits tax on all resource companies severely weakened confidence in the resources sector across the board. Toro's share price trend in the second half of the financial year reflected all of these factors.

In spite of this difficult environment, Toro continued to place itself to emerge as one of Australia's next generation of uranium developers and producers.

Our fiscal position is very secure with over A$56 million in cash resources at year end – a sound bank balance to support our near-term project development objectives.

Your Board maintains that the medium to long term fundamentals of the global uranium market continue to justify new production.

Expanding demand, difficult supply expansion in some countries and a diminishing secondary supply market are moving the industry broadly from one characterised by an inventory overhang and depressed uranium prices, to one where risks to supply are becoming more acute in an expanding global nuclear power market.

There are now 499 reactors in operation or under construction and another 149 ordered. This demonstrates strong growth.

This is why the long-term uranium price has been relatively stable at around US$60/lb U_3O_8, a significant premium to the spot price and indicative of the price levels required to bring on new production. Most long-term uranium supply agreements to power utilities are written around formula, reference and/or base pricing, and the long-term price is a pricing estimate of the value of these. This level of pricing, not the spot price, is important given supply needs to be guaranteed to support a power station development and continuous operation.

As Toro responds to these market opportunities, we do so recognising that our first project is in a State for which uranium mining will be a new industry. We are therefore mindful of the need to take the community with us on our journey. Through our own activities and in collaboration with other participants in the industry, Toro has significantly expanded its community consultation work. We are also working with Traditional Owners to help their understanding of our industry and our Company's plans, and to ensure that as we come into their community, they will benefit from our presence.

In the year ahead, Toro will continue to build the quality of our asset base and advance the Wiluna Uranium Project towards Government approval and production. We also look forward to the results of our substantial exploration program, especially at Lake Mackay as we continue to assess other project and corporate opportunities that will add to our business and its long term value.

We recognise the efforts of our staff and thank them for maintaining our targets in a difficult environment. People make a company and Toro has assembled a great team of industry professionals with specific expertise in uranium exploration and the development and operation of uranium mines. Your Board looks forward to working with them to continue our progress in 2010/11.

Erica Smyth
Chair

Greg Hall
Managing Director

Greg Hall, *Managing Director*

Market:

URANIUM and NUCLEAR POWER

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OVERVIEW

Global uranium oxide demand from current nuclear electricity production (440 operating reactors) is around 81,000 tonnes per annum of U_3O_8. Based on demand projections Toro Energy remains confident that this will increase significantly over the next twenty years as global energy consumption increases and as nuclear power replaces higher carbon emission generation.

Production from operating uranium mines in 2009 was 59,700 tonnes of U_3O_8, representing 73% of current requirements. While this has increased from 60% in 2005, the deficit in uranium production shows the continuing requirement for secondary sourced uranium supplies, and the increasing reliance on continuous mine production from old and new mines.

Figure 1: Main nuclear power producing countries and planned expansions

Country	Nuclear Electricity Generation 2009 *% electricity*	Reactors Operable 1 August 2010 *Number*	Reactors Under Construction 1 August 2010 *Number*	Reactors Planned August 2010 *Number*
Belgium	51.7	7	0	0
Canada	14.8	18	2	4
China	1.9	12	24	33
Czech Republic	33.8	6	0	2
Finland	32.9	4	1	0
France	75.2	58	1	1
Germany	26.1	17	0	0
Hungary	43.0	4	0	0
India	2.2	19	4	20
Japan	28.9	55	2	12
Korea RO (South)	34.8	20	6	6
Russia	17.8	32	10	14
Slovakia	53.5	4	2	0
Spain	17.5	8	0	0
Sweden	34.7	10	0	0
Switzerland	39.5	5	0	0
Ukraine	48.6	15	0	2
United Kingdom	17.9	19	0	4
USA	20.2	104	1	9
Other		23	6	38
WORLD	**14**	**440**	**59**	**149**

Key demand side impacts during 2009/10 included:

- Initial loan guarantees from US Govt for new plant construction in US
- Early site permits for new nuclear plants continued to be lodged in the US
- New UK Government allowed planning work for new reactors to continue
- New reactor in Finland approved
- Co-operation agreements signed in Italy for new nuclear plants
- Sweden voted to allow new nuclear plants to be built
- CEZ, Lithuania and Poland progressed new nuclear build plans
- Russia continued new nuclear build program with 10 under construction
- Japan announced plans to build 14 new additional nuclear plants by 2030
- China continued the world's most aggressive nuclear build program with 24 new reactors under construction and a further 33 definitively planned
- South Korea and India continued build programs
- Vietnam, Bangladesh, Jordan, UAE, South Africa, Turkey planning new nuclear build

Nuclear power utilities continued to complete new long term uranium sales agreements at more than double the rate of the pre-2004 years (refer Figure 2). Market evidence indicated pricing structures above current long term prices were starting to be achieved. China is accumulating uranium inventory for its new build program and actively investing in global uranium projects through JV deals.

Supply

Key supply side impacts during 2009/10 included:

- Kazakhstan becoming the No. 1 uranium producer globally
- Cigar Lake pump out completed and remediation work underway
- Olympic Dam hoisting shaft failure and remediation
- Langer Heinrich Stage 2 and new Kayelekera mine at capacity
- China Guangdong bought into Energy Metals Limited which has 53% of the Bygrili project in the Northern Territory
- ERA's 2010 production was lower than forecast due to access restrictions to higher grade ore caused by higher rainfall levels
- ERA's studies into a low grade heap leach and possible underground operation continued
- Itochu bought 10.3% of Extract Resources

Figure 2: Nuclear Utility long term uranium contracting

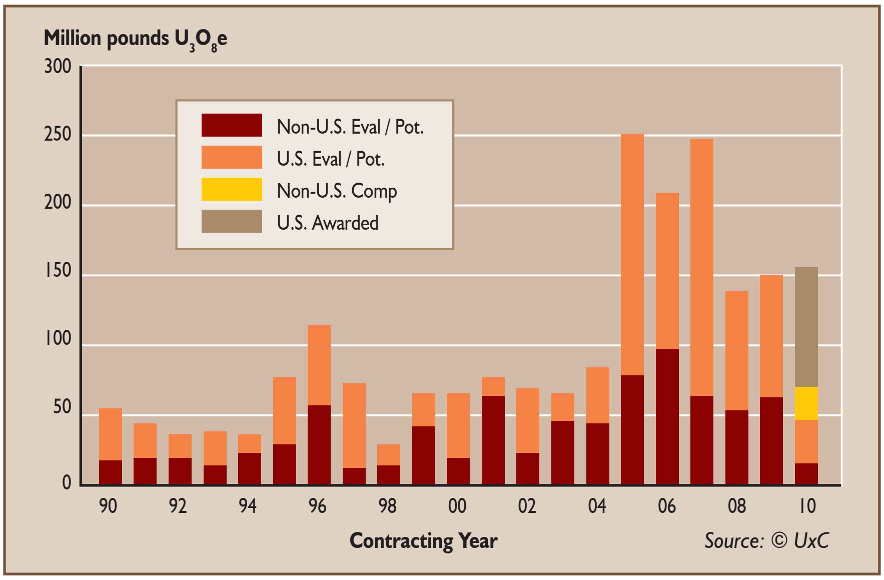
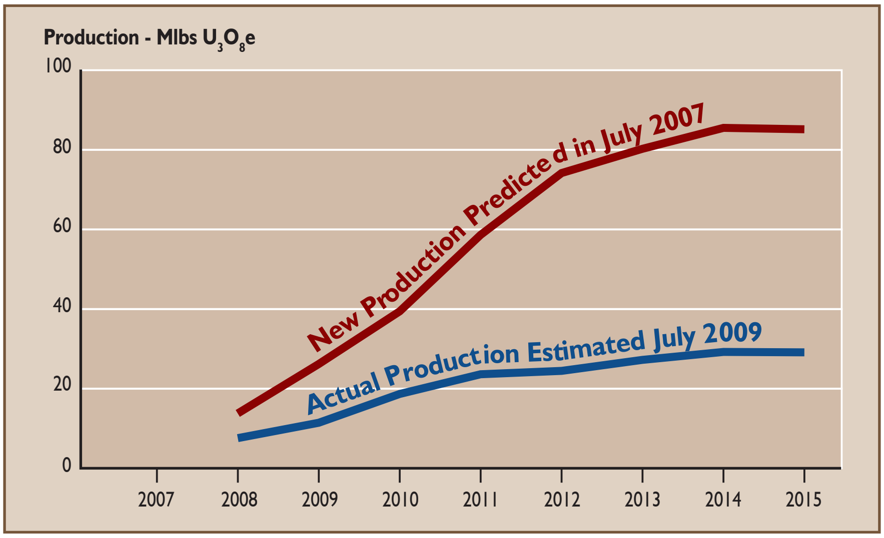


Figure 3: New Mine Production – Prediction vs Actual



Toro Estimates based on UxC data July 2009

- Russia's ARMZ bought 51% of Uranium One in exchange for interests in its Kazak operations
- Alliance and Quasar Resources in dispute over the Four Mile uranium project, delaying its construction
- Areva announced a delay in the start up of Imouraren in Niger to 2013 or 2014
- Uranium Resources Inc announced an advance in its Churchrock, New Mexico project after resolution of approval jurisdiction issues

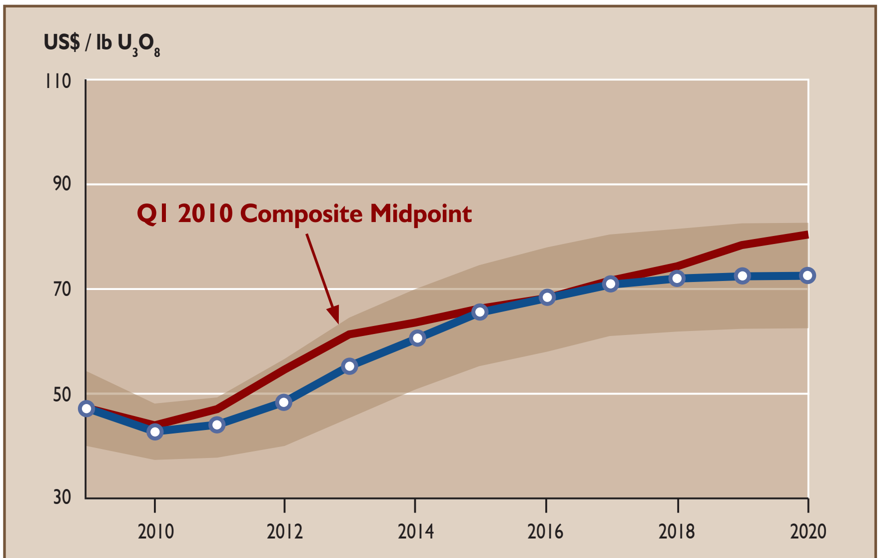
URANIUM AND NUCLEAR POWER *(cont.)*

Kazakhstan has become the largest global producer with a share of almost twenty-eight percent in 2009. Including Russia, Uzbekistan and Ukraine, about forty percent of uranium supply is now sourced from the former Soviet bloc of countries. Canada remains the second largest supplier at about twenty percent followed by Australia at just under sixteen percent.

Asian utilities and majors are moving to lock-up future potential production sources while there is growing recognition that new projects and discoveries require time to develop (refer Figure 3), with reality creeping into an understanding of their costs and the need for supportive pricing to ensure their timely development.

Toro has commenced discussions with nuclear power utilities in Japan and the USA regarding future uranium sales agreements under term pricing arrangements to support its Wiluna Uranium Project. These discussions will continue to develop relationships and move toward potential agreements later in 2011. We will also commence discussions with nuclear utilities in other jurisdictions.

Figure 4: UxC Price Forecast Comparison – 2nd Quarter 2010



Source: © UxC

While the current long term price is estimated at around US$60 per lb U_3O_8, an increasing number of market commentators are forecasting supply uncertainty and hence increased prices from 2014 onwards (refer Figure 4). We believe that current market softness (in particular spot market) is being caused by willing sellers (in particular Kazakhstan), and an underlying but careful major buyer (China).

Every now and then a supply side disruption (eg Olympic Dam, Converdyn conversion plant) causes a concern and a spot market price increase. While spot price may remain fairly static over the next 12 to 24 months, Toro believes the fundamentals in the medium to long term market will support the commencement of new production from reliable sources.

HEALTH, SAFETY *and the* ENVIRONMENT

As Toro advances its exploration and project work and prepares for its first operating mine, we are implementing internal policies and systems to ensure the highest priority is given to health, safety and the environment.

Toro is committed to the well-being of our employees, contractors and the communities in which we operate. Toro's goal is to have an injury-free workplace with zero harm to our employees and contractors and to exceed the environmental conditions under which we have Government approvals to operate.

We are working to create an internal culture in which safety is a core value because this is fundamental to maintaining a work environment free of occupational injury and illness. As an uranium explorer we strive to keep radiation exposures to people and the environment as low as reasonably achievable, taking into account economic and social factors. We demonstrate our commitment to the environment by using water, energy and other resources carefully and efficiently.

In the reporting period Toro implemented a comprehensive Health, Safety and Environment (HSE) Management System with a primary focus on the Wiluna Project. The system has been structured to comply with the Standard AS/NZS 4801:2001 Occupational Health and Safety Management Systems. It is designed to allow incorporation of other specific elements, such as relevant Standards or ISO Systems, as the Company grows.

The System identifies the HSE responsibilities of Toro's employees, contractors and visitors to our sites and aims to incorporate and manage all of the HSE obligations and legal compliance requirements covered by relevant Commonwealth, State and Territory Acts, Regulations, Standards and Codes of Practice.

As recommended by the International Atomic Energy Agency, Toro has a Radiation Protection Policy to enable us to accomplish our exploration and mining objectives while minimising radiation exposure. A Radiation Management System has been prepared to assist us in meeting the commitments under our Radiation Protection Policy. The Policy and System provide the over-arching guidance for creating site specific radiation management plans for submission to Government as part of the assessment and approvals processes for exploration and mining activities.

At our exploration sites, we undertake extensive induction and on-the-job training for all employees. Detailed environmental, safety and radiation management plans are in place and they are subject to continuous improvement and assessment by regulatory bodies. We have also instituted erosion prevention measures, environmental monitoring points and data sets and routine drill-collar radiation assessments.

In the reporting period, there were no reportable health, safety, environment or radiation incidents.

WILUNA URANIUM PROJECT

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At our Wiluna Project in Western Australia, we are planning the development of a uranium mine (in two deposits), associated processing plant and support infrastructure and the transport of product within Australia.

PROJECT LOCATION

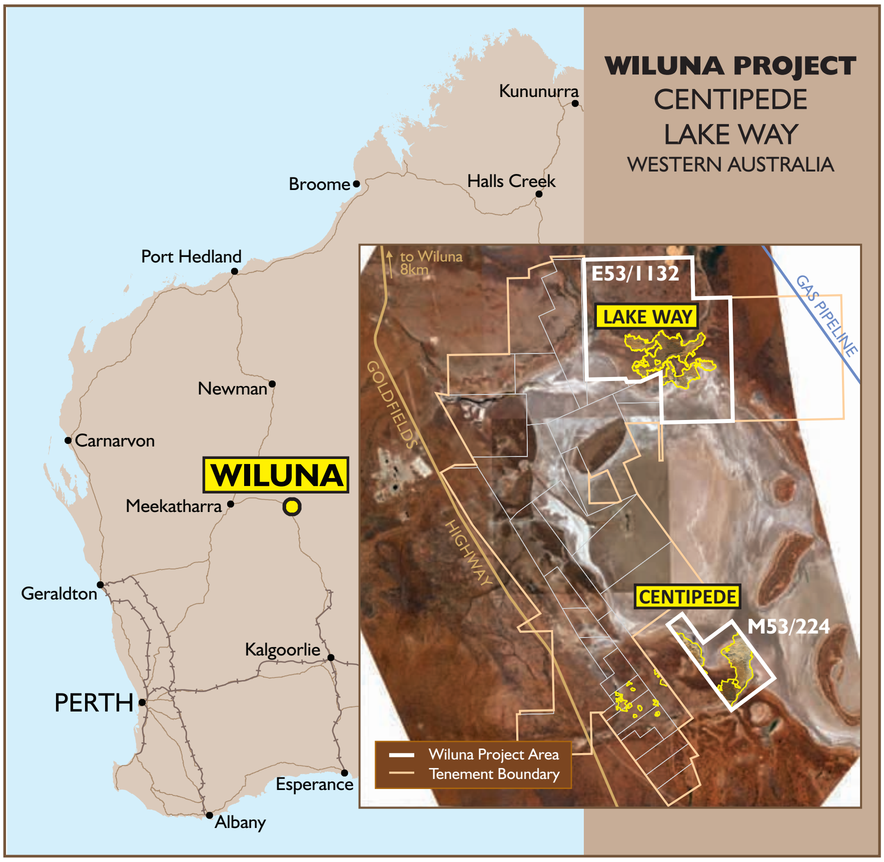
The two deposits, Lake Way and Centipede are situated on the edge of the Lake Way playa lake, approximately 15 and 30 kms respectively south east of Wiluna. Wiluna is located 580 kms north of Kalgoorlie (Figure 5). The deposits are in a region well serviced by infrastructure, including close proximity to the North West to Kalgoorlie gas pipeline, a fully surfaced airstrip, bitumen main roads and water borefields.

The Centipede deposit, the first we plan to mine, lies mostly within mining lease M53/224 on the west side of Lake Way. The Lake Way deposit is on the north side of the lake within exploration licence E53/1132. A mining lease application, M53/1090, has been submitted to cover the Lake Way deposit.

OPTIMISATION STUDY RESULTS

An Optimisation Study for the Project was completed and reported in September 2009. This included additional resource drilling and metallurgical testing following the 2008 Prefeasibility Study.

Figure 5: Wiluna Project Location



The Optimisation Study considered in detail alkaline heap leach and alkaline agitated tank leach as the options for mineral processing. Both processes utilise direct precipitation of uranium from pregnant liquor.

While both options reported significantly improved and positive economics, heap leach had the better overall economic parameters. The Study concluded that alkaline heap leach was the preferred project development route, subject to confirmation of metallurgical test work, a project risk review and environmental considerations.

More recently, additional testwork, risk and environmental evaluation and the potential for access to additional tenements in the Wiluna region have caused Toro to maintain the development focus on the agitated tank leach option. Although involving a higher initial capital cost, the technical development of this process is commercially proven, the overall project economics improve markedly with additional resources, and the higher recovery and hence longer mine life is more attractive to long term utility buyers.

A summary of major economic parameters for each option includes:

	Alkaline Heap Leach	Alkaline Agitated Leach
Throughput	1.6 mtpa	1.3 mtpa
Head Grade	653 ppm	668 ppm
Overall Recovery	70%	86%
Annual Production	731t U_3O_8	746t U_3O_8
Capital Costs	A$162m (US$121m)	A$258m (US$193m)
Operating Costs	A$39.7/lb (US$29.8/lb)	A$45.1/lb (US$33.8/lb)

Above: Continuous miner working at Wiluna.

Left: Carnotite mineralised material at Wiluna.

Other highlights of the Optimisation Study included:

- Major improvement in the Resource grade; up 31% to 548 parts per million (ppm) U_3O_8 from 419 ppm previously (refer Figure 6).
- Substantial increase in the estimate of the average head grade to 653 ppm from 472 ppm U_3O_8 previously.
- A 28% reduction in heap leach operating costs to A$39.7/lb U_3O_8 (US$29.8/lb) from A$53.9/lb (US$40.4/lb) previously.
- A 17% reduction in upfront heap leach capital costs to A$162 million (US$121m) from A$195m (US$146m) previously.
- An average annual U_3O_8 production of 731 tonnes (1.6 million pounds), up from 680 tonnes (1.5 million pounds) previously.

The Optimisation Study took ten months, drawing on a range of Toro expertise and consultants including GRD Minproc and SRK Consultants.

Toro is confident that the improved economics identified in the Study can deliver sustainable uranium production with sound investment returns from either process at current and forecast long-term uranium prices over a planned ten year mine life.

WILUNA URANIUM PROJECT *(cont.)*

Figure 6: Current Wiluna Uranium Resource compared to previous Resource

		Current June 2009				Previous May 2008			
Prospect	Category	Resource Million Tonnes	Grade U_3O_8 ppm	U_3O_8 Tonnes	U_3O_8 Mlb	Resource Million Tonnes	Grade U_3O_8 ppm	U_3O_8 Tonnes	U_3O_8 Mlb
Centipede	Measured	0.30	588	177	0.39				
Centipede	Indicated	7.68	619	4,754	10.48	9.92	458	4,542	10.01
Centipede	Inferred	1.69	251	424	0.94	1.61	312	502	1.11
Lake Way	Inferred	10.53	543	5,714	12.60	14.30	404	5,791	12.77
	Total	20.21	548	11,070	24.40	25.83	419	10,835	23.89

Note: *All prepared at a 200 ppm U3O8 cut-off. No changes have been made to the resource since June 2009.*
Please refer to the Competent Person Statement relating to Mineral Resources on the inside back cover of this report.

Figure 7: Wiluna Project Prefeasibility Results and Optimisation Study Targets

	Prefeasibility Range	Optimisation Work	Targeted Improvement	Status
Head Grade	472-503ppm	Close spaced drilling	+20%	+31% increase
Capital Cost	A$195-A$247m	Met testing, water quality	-10%	-17% reduction
Operating Cost	US$39-$41/lb	Grade, Recovery	-US$6/lb	-US$10/lb
Recovery	70%-83%	Column leach testing	+2% to +5%	pending
Mine Life	10-12 years	Resource Consolidation	+5 years	pending
NPV	$74-$78m		A$165m	pending

Along with the resource grade increase and the metallurgical test work completed, re-estimation of capital and operating costs was undertaken. These results have provided substantial improvement in the overall economics of the Project as outlined in the Pre-feasibility Study and highlighted in the Optimisation Study targets (Figure 7).

RESOURCE EVALUATION PIT

Planning and approval applications were submitted to the Western Australian Government for the excavation of a resource evaluation pit on the Centipede Deposit. This will test mining methodology, resource to reserve reconciliations, grade control processes, groundwater management strategy and environmental impacts and provide additional ore samples for metallurgical testing.

In preparation for commencement of the resource evaluation pit, two water management strategies were proposed, a clay barrier and a geopolymer barrier, both with the aim of limiting inflows of water into the active mining area. The geopolymer barrier was subsequently formed around the area of the evaluation pit.

After Government approval for the test pit, water barriers were installed during April and May, and just after the end of the reporting period pit excavation site work began.

METALLURGICAL TESTWORK

Following selection of alkaline heap leaching as the preferred processing route, a metallurgical testing program was undertaken to confirm the assumptions used in the Optimisation Study and to identify any other issues with potential to cause a review of this option. The main components of the test program included:

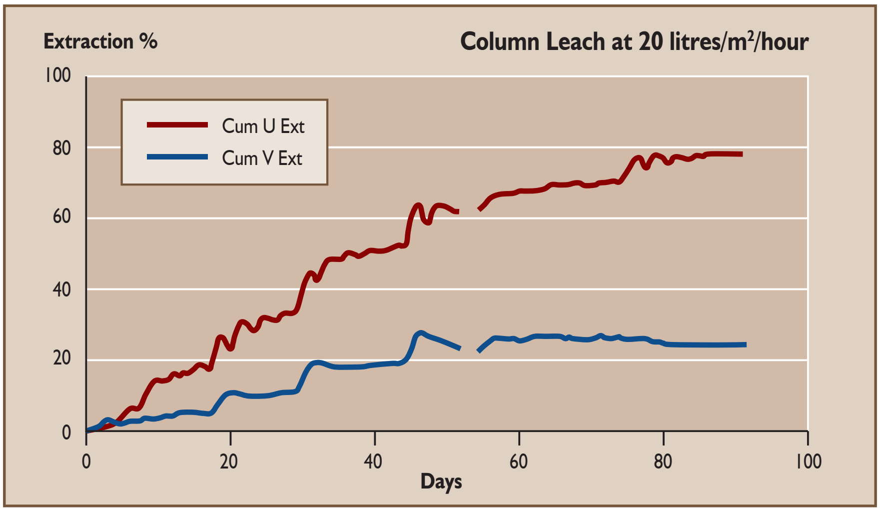
- Percolation and agglomeration tests;
- Bottle roll tests;
- Column leach tests.

In keeping with the decision to retain agitated tank leaching as an alternative, a test program consisting of the following components also was carried out:

- Investigation of grind size on uranium extraction (Figure 9);
- Investigation of chloride levels on uranium extraction;
- Investigation of chloride levels on precipitation of sodium diuranate.

Almost all the test work was carried out on a large blended sample taken from air core samples representative of the total Centipede resource. Limited confirmation tests were conducted on calcrete dominant and clay dominant samples taken from sonic core.

Figure 8: Column leach test results indicating good leach rates and recovery, albeit at lower than expected leach solution tenors



The heap leach test work completed during the year indicated that while good uranium recoveries were observed (Figure 8), the uranium tenor achieved by recycling pregnant liquor through the heap fell short of the liquor tenor assumed in the Optimisation Study. All strategies attempting to rectify this problem have proved unsuccessful to date. Studies to investigate the reasons for low tenors have been commissioned and a peer review of the program and its outcomes has been organised.

A site-based trial heap leach program remains an option and a Mining Proposal for this was submitted for the approval of the Western Australian Government.

For alkaline agitated tank leach, a conceptual flow sheet has been developed with a supporting test program comprising:

- Development tests;
- Pilot tests;
- Post pilot tests;
- Variability tests.

The test work will be approached in a staged manner such that the next stage will not proceed until or unless certain pre-conditions have been satisfied. Particular attention will be given to the following issues that have the potential to influence project viability:

- Achievable thickener underflow densities;
- Final residue settling characteristics;
- Re-agent consumption in milling;
- Capacity to increase uranium tenor by recycling PLS to leach.

OTHER WORK

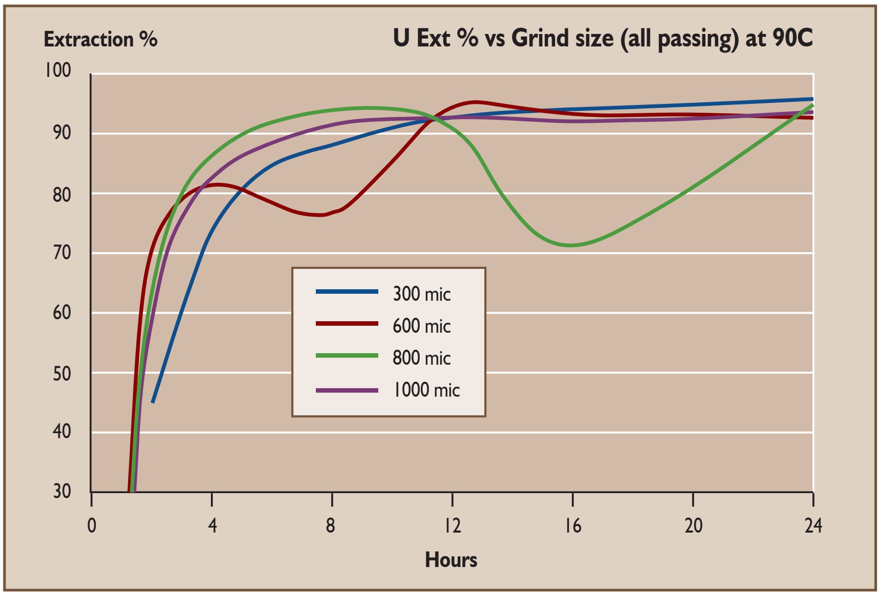
Other planned major work to evaluate mining and processing options includes:

- Groundwater characterisation for both volume and quality;
- Water supply quantity and quality verification;
- Resource drilling to increase the level of confidence in the resource and provide samples for metallurgical testing across the deposits.

PROJECT EXPANSION

During the year Toro accrued additional exploration properties in the Wiluna region with the purchase of the Firestrike prospect, and continues to evaluate its options to secure further prospective ground in proximity to the Wiluna Project.

Figure 9: Wiluna Project testwork on agitated (tank) leach at various grind sizes



GOVERNMENT APPROVALS AND COMMUNITY RELATIONS

Significant progress was made in securing Government approvals for the Wiluna Project.

On 27 October 2009 Toro referred the Project to the Western Australian and Federal Governments for assessment. As a result, the Environmental Protection Authority of Western Australia (EPA) set the highest level of assessment for the Project – the preparation of an Environmental Review and Management Programme (ERMP). The Federal Department of the Environment, Water, Heritage and the Arts (DEWHA) determined that the proposal was a controlled action pursuant to the Environment Protection and Biodiversity Conservation Act 1999 and that it should be assessed under the bilateral agreement between the Federal and Western Australian Governments.

These decisions enabled us to prepare a Draft Environmental Scoping Document (ESD) which was approved by the EPA for public exhibition for a two week period from 21 June 2010. The ESD will be finalised following the public exhibition period to enable Toro to prepare its ERMP. Concurrently, Toro is undertaking an extensive Social Impact Assessment.

WILUNA URANIUM PROJECT *(cont.)*

In developing its assessment documentation, Toro undertook regular consultation with Federal and Western Australian Government agencies, including detailed project presentations to senior agency officers in Canberra, Perth and Kalgoorlie. In April 2010, we hosted a site visit for Federal and State Government officials.

Our objective is to secure all Government approvals necessary to enable construction of the project to begin in early 2012.

As planning for the project has developed, consultation with local and regional communities has intensified. Our work has had a focus on the Wiluna community.

As a participant in the Wiluna Regional Partnership Agreement, we are working with the local community to support its social, economic and cultural development. This includes co-funding of a 'caring for country' program under which Traditional Owners are sharing traditional knowledge and receiving advice and training in environmental work.

Toro established a permanent presence in the Wiluna Shire Community Office to facilitate local enquiries about the project including the provision of information on training and employment opportunities. We commenced a training and employment program through the recruitment of two members of the Aboriginal community in Wiluna.

Our objective through the construction and operational phases of the Project will be to recruit a workforce locally and regionally to the extent we can, and also to award contract work on the same basis.

In seeking to build relationships of mutual trust with Aboriginal people, we have worked through Central Desert Native Title Services (CDNTS) as the representative body for the area pursuant to the *Native Title Act*. Toro appreciated the opportunity to attend meetings of Traditional Owners at Wiluna convened by CDNTS. At these meetings, we provided information about our plans for the Wiluna Project and also addressed a range of issues raised by the Traditional Owners. Their major issues include protection of their cultural heritage and the environment, and radiation management.

To support the desire of the Traditional Owners to secure more information about how environmental and radiation issues are managed at mine sites, Toro arranged for ten Traditional Owners and two CDNTS representatives to visit the Doral Mineral Sands operation near Busselton in Western Australia and the Beverley uranium mine in northern South Australia operated by Heathgate Resources. We thank both operations for their support in this endeavour. Toro also provided funds to enable the Traditional Owners to secure independent advice about radiation impacts and their management.

Toro remains in discussion with CDNTS about the negotiation of a mining agreement to address all native title and cultural heritage issues that would arise with the development and operation of the Wiluna Project and also to ensure that Traditional Owners benefit from our presence in their area.

In the wider region, we conducted our own community consultation and also participated in forums in Kalgoorlie, Menzies, Leonora, Laverton and Wiluna with other uranium project proponents and industry and Government representatives. These forums enabled the company, Government and industry representatives to provide information about how a uranium mining industry in Western Australia would be developed and regulated.

EXPLORATION

Toro's exploration program was active and successful with regional drilling programs at Lake Mackay and Napperby, detailed airborne magnetic/radiometric surveys at Lake Mackay and airborne EM (Tempest surveys) at Lake Mackay, Reynolds Range and Sandover. Our first aircore drilling program on the Lake Mackay tenements intersected encouraging, anomalous uranium mineralisation in eight of fifty-two holes, including a new discovery called the Theseus Prospect.

The licences held and applications made by Toro, or those subject to uranium access and joint venture rights as at 30 June 2010 are shown in the Tenement table at the end of the report. The area they cover is summarised in Figure 10, and shown on the tenement map (refer Figure 17).

Figure 10: Toro Tenement area statistics as at end of June 2010

	Toro Tenure Area Stats (km^2)		
	Granted	Application	Comment
South Australia	5976		Uranium rights only
Northern Territory	8480	20868	Excludes Napperby Project
Western Australia	5332	267	Includes Wiluna Project
Namibia		1,323	Pending Grant (Reptile Managing)
TOTAL	**19,788**	**22,458**	

CENTRAL AUSTRALIA

(Northern Territory and Western Australia adjacent to NT border)

We focused our effort on targeting areas with significant Tertiary sands and clays eroded from high background uranium hinterlands. The exploration effort at the most advanced projects is described below.

Lake Mackay

Toro completed air core drilling on two long drill traverses about five kilometres apart with the aim of defining depth to basement and testing for shallow calcrete mineralisation. The traverses that ran parallel to sand dune systems are shown in Figure 12. In total, fifty-two air core holes were completed for 5,200 metres, spaced a minimum of 800 metres apart. About a quarter of the drill holes failed to penetrate to basement due to limitations of the drill rig and difficult drilling conditions.

The depth to basement, originally estimated to be between ten and thirty metres, was confirmed to be an average of 100 metres increasing to greater than 120 metres. These depth-to-basement variations and the presence of a thick sand sequence below seventy metres defined an interpreted palaeochannel system. The deeper sedimentary system locally contains organic matter and in several areas has anomalous downhole radiometric anomalies, including a broad set of intersections at the Theseus Prospect.

Gamma results from the first thirty-two air core holes were reported in October (ASX disclosure – 28 October 2009) with subsequent assays reported in January (ASX disclosure – 29 January 2010). The full program of air core drill hole locations is shown in Figure 12 with a drill section through the anomalous zone at Theseus in Figure 13.

Figure 11: Comparison of gamma and chemical assays for anomalous intervals

Drill hole	From (m)	Interval (m)	eU_3O_8 (ppm) (gamma)	Grade x Thickness (ppm)	From (m)	Interval (m)	U_3O_8 (ppm) (chemical)	Grade x Thickness (ppm)	Comment
LP9	97	1	93	93	96	4*	76.1	304	Assay significantly higher
LP10	95	1	73	73	96	4*	26.4	104	Similar result
LP11	95.5	1	69	69	96	4*	19.2	76	Similar result
LP19	102	2	177	354	100	4*	76	304	Similar result
LP20	92	2.5	85	170	92	1	31.4	31	Gamma significantly higher
	96.5	4	120	480	97	2	78.2	156	Similar result
LP29	97.5	1.5	90	135	99	1	96.2	96	Similar result
	100.5	4.5	365	1643	103	5	216	1080	Similar result
	106.5	10	67	670	106	12	102.5	1230	Assay significantly higher
LP31	95	1	75	75	96	4*	8.8	35	Gamma significantly higher
	105	3	175	525	106	2	646	1292	Assay significantly higher
	111	3	10	30	111	3	95	285	Assay significantly higher
LP49	2.5	1	69	69	0	4*	27	108	Similar result

* *Four metre composites with no 1m assays available for interval*

Note: Please refer to the Competent Person Statement relating to Exploration on the inside back cover of this report.

Figure 11 compares the average deconvolved eU_3O_8 gamma results composited to 0.5 metre intervals (>50 ppm eU_3O_8) with the comparable one metre (if available) and four metre composite drill assays. Assays were completed by ALS Brisbane routinely using ICP methods for uranium, with assays greater than 100 ppm U being re-assayed using XRF pressed powder. XRF results, where available, are used in preference.

Some variation between the gamma results and the assay results is noted and is largely the result of poor sample recovery and heterogenous mineralisation. Four drill holes reported greater than 100 ppm eU_3O_8 over at least two metre intervals and assays have confirmed the tenor of these results. The assay results confirm a significant grassroots uranium discovery hosted in palaeochannel style sands over a surface width of at least 2.5 kilometres, at depths around 100 metres below surface intersected in drill holes LP 19, 20, 29 and 31. A lower tenor uranium mineralised palaeochannel system also is noted in drill holes LP 9, 10 and 11.

LP 49 at the far eastern end of the southern regional air core traverse reported shallow uranium mineralisation from 2.5 metres depth, hosted in calcrete. This mineralisation peaks at 0.34 metres @ 118 ppm eU_3O_8. We note that Toro's initial exploration model for this area was for this style of calcrete mineralisation.

Figure 12: 2009 Aircore Drill Traverses and key results for Theseus Prospect

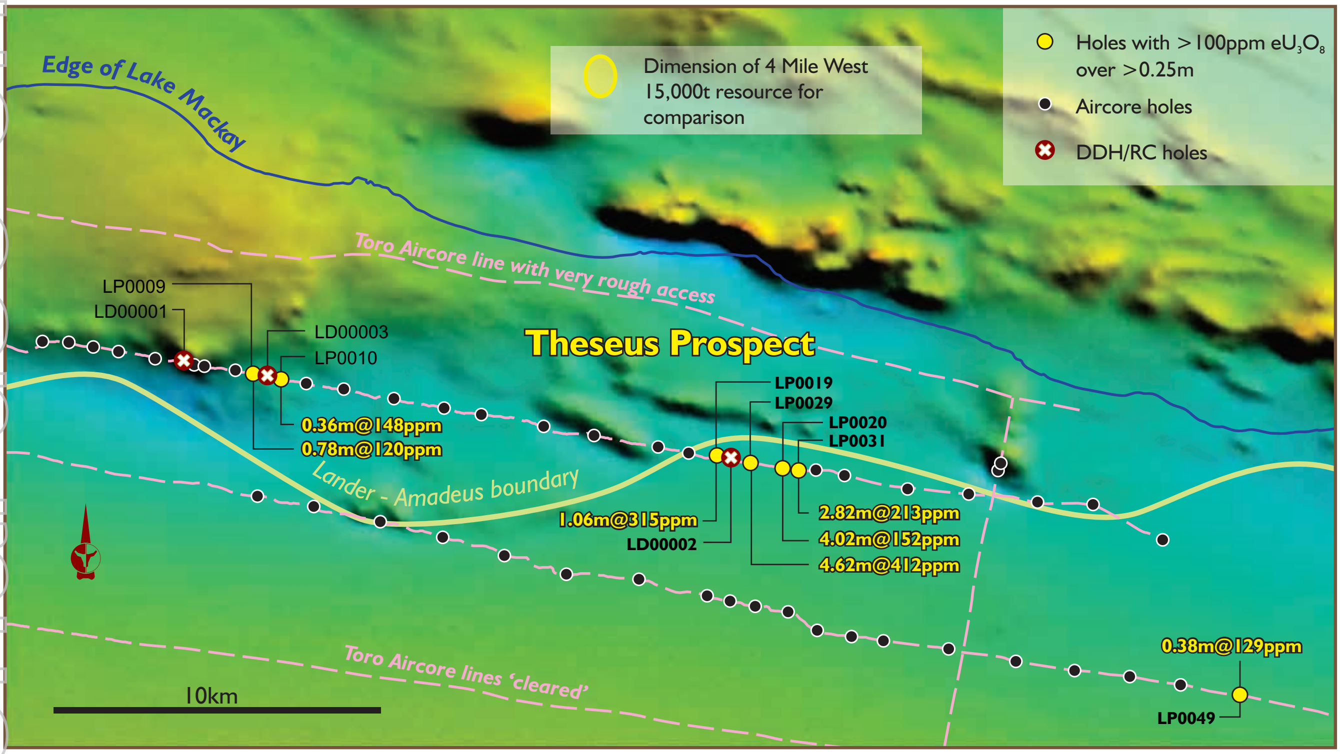
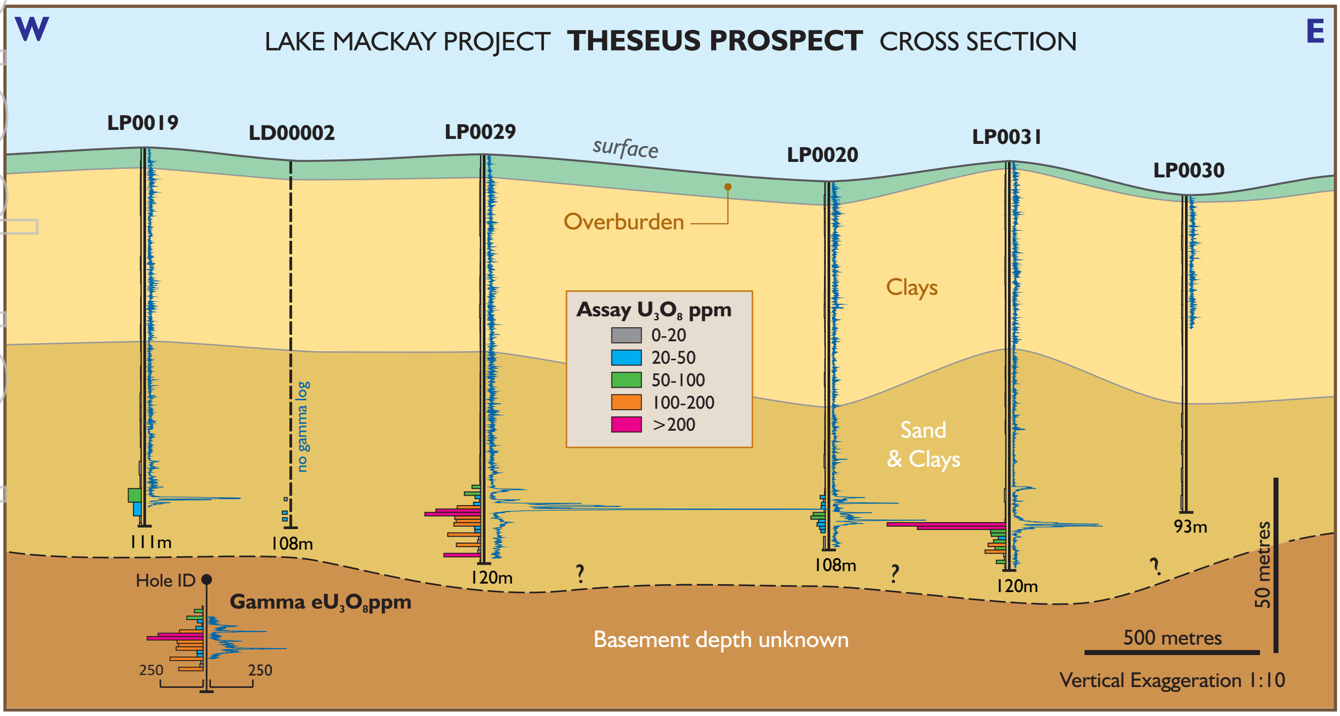


Figure 13: Theseus Prospect cross section



EXPLORATION *(cont.)*

An airborne Tempest EM survey was flown in December, designed to delineate the interpreted palaeochannels intersected in the air core drilling whilst also covering known structures and Amadeus Basin lithology to the south of Lake Mackay. Most lines were flown in an east-west orientation to delineate near surface features. A detailed grid of east-west lines was flown over the area containing the anomalous drill holes at Theseus. Wide spaced north-south lines were also flown to highlight major structural features in the basement, including facies equivalents of the Brewer Conglomerate which hosts the Angela deposit near Alice Springs.

The data is difficult to interpret due to highly saline water dominating the EM response in the upper fifty metres of the sedimentary profile, particularly close to Lake Mackay itself. Some depth to basement interpretation indicates a depth of around 150 metres at Theseus which is to be tested. Minor EM features interpreted to emanate from the Amadeus lithologies also will be tested with air core drilling. In June, a detailed airborne magnetic and radiometric survey was completed in the northern half of the project area with the aim of defining the lateral extent of palaeochannel sands and detailed structure in the Amadeus Basin. Preliminary results suggest this approach has been successful and will enable us to better focus our future drilling.

Birrindudu Project Area showing capping Mesoproterozoic Sandstone.

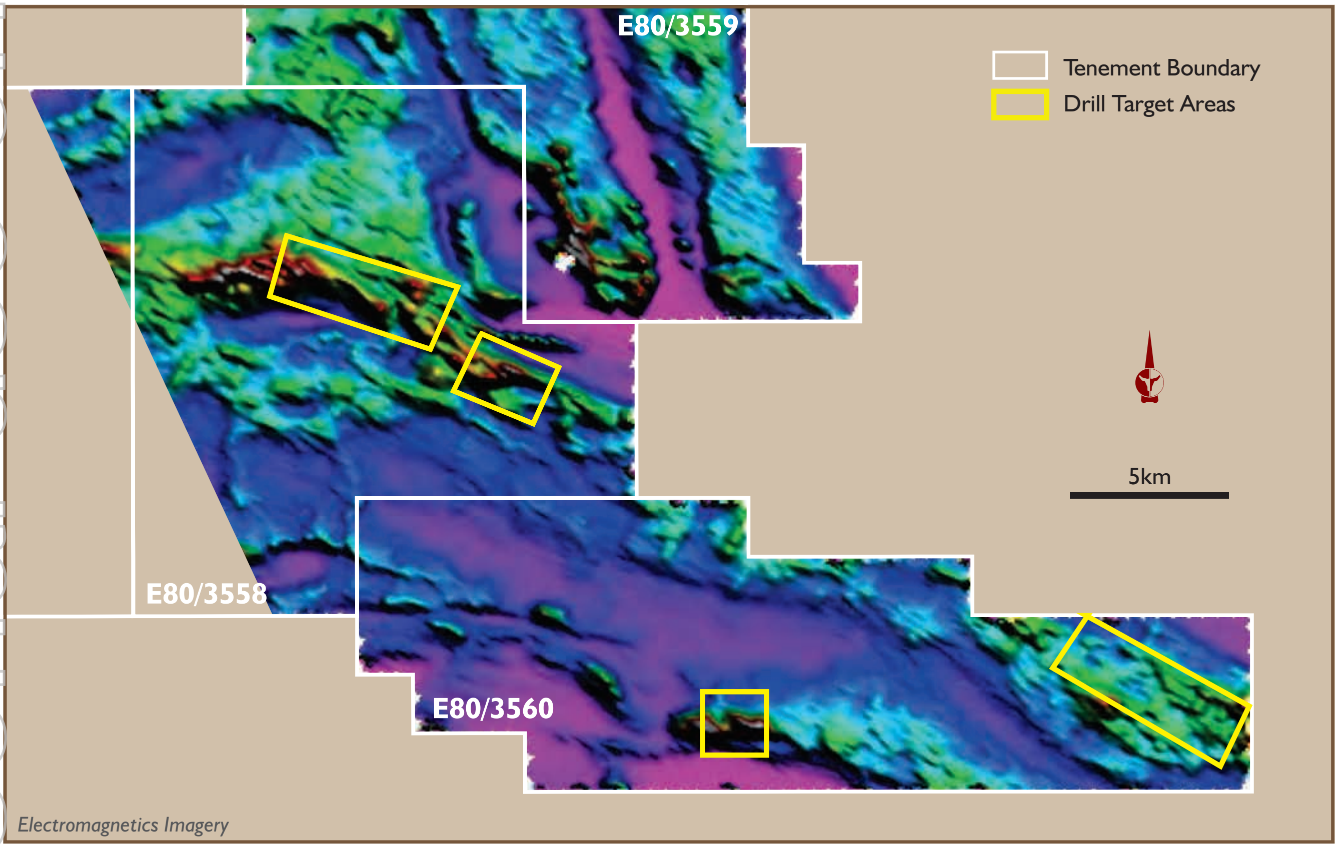
In September, Toro also drill tested two magnetic/gravity anomalies defined in the regional airborne magnetic data using a reverse circulation-diamond core program. Only one hole (LD00001) penetrated below the Tertiary cover to 437.5 metres, identifying 'barren' magnetic granitic and mafic basement. We received $75,000 from the Western Australian Department of Mines and Petroleum Exploration Incentive Scheme towards the cost of drilling the holes. The other target was tested by air core and found to be chloritised dolerite.

Birrindudu

Toro is the operator and manager of this Joint Venture with Cameco Australia Pty Ltd. The exploration target is for high-grade, high-tonnage 'unconformity style' uranium associated with graphitic units in the Palaeoproterozoic basement. Four main conductive target areas have been defined in airborne EM data acquired by Cameco in 2008 and proposed drill target areas are shown in Figure 14.

We conducted two field visits and heritage meetings 'on country' with Traditional Owners and the Kimberley Land Council in November and May. A heritage clearance for ground checking and drilling areas was completed to allow planning for the commencement of drilling.

Figure 14: 2010 Drill Targets overlying Airborne EM image



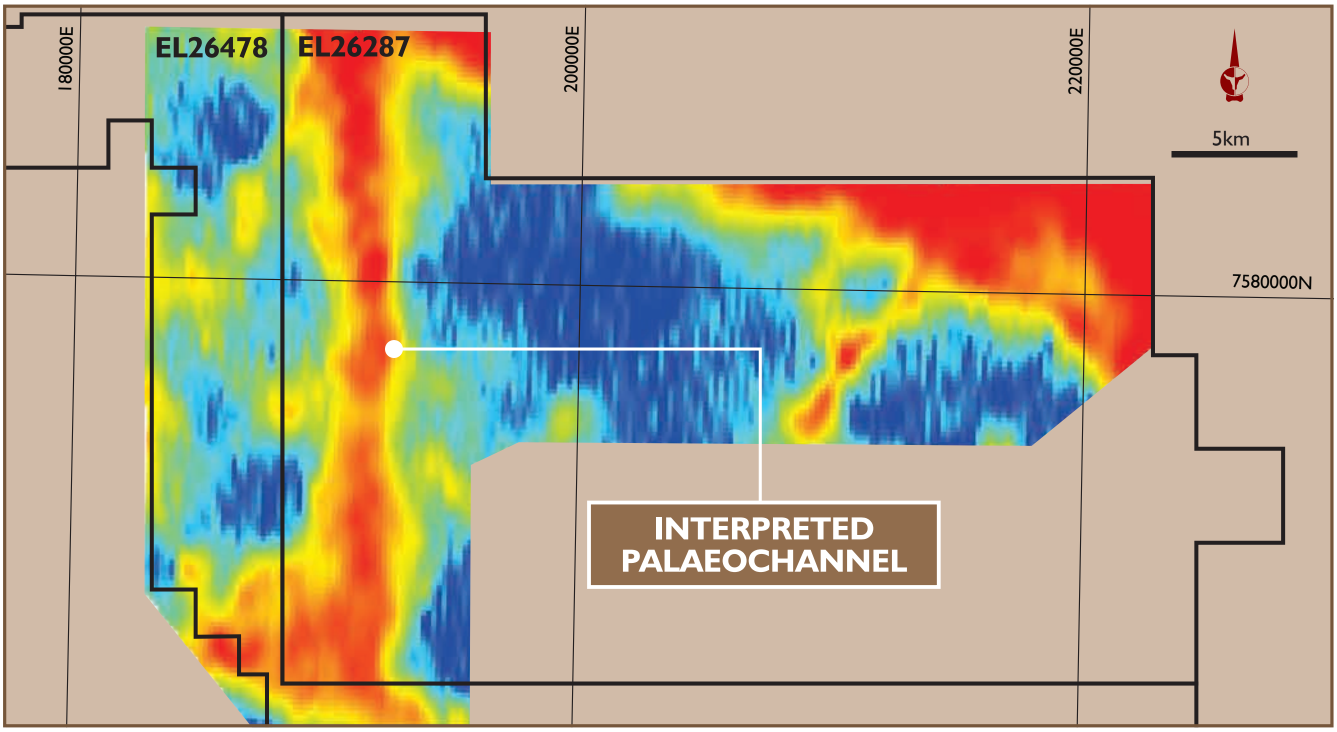
Reynolds Range Project

The southern part of this project covers the radiometrically anomalous granites and metamorphics of the Aileron Province. The main exploration model is to test Tertiary palaeochannels draining this area to the north.

A detailed airborne electromagnetic (Tempest) survey indicated the presence of well defined palaeochannels, basement conductors and structural dismemberment (refer Figure 15).

EXPLORATION *(cont.)*

Figure 15: Airborne Tempest Survey Area for Sandover



Sandover Project

Sandover lies on the south-eastern extension of the Reynolds Range Project. A number of exploration models are to be pursued including – Angela-style uranium in foreland sedimentary sequences, shallow calcrete-sandstone uranium in outwash fans and deeper IOCGU-style targets.

Napperby Project, NT

Toro Energy had an Option Agreement with Deep Yellow Limited over the Napperby Project, 175 kilometres north-west of Alice Springs, which allowed for 100 percent purchase on a capped price per resource pound basis at any stage over a three year period. A Scoping Study was completed. In April, we decided not to take up our option and commenced a rehabilitation project at site.

Napperby Deeps JV

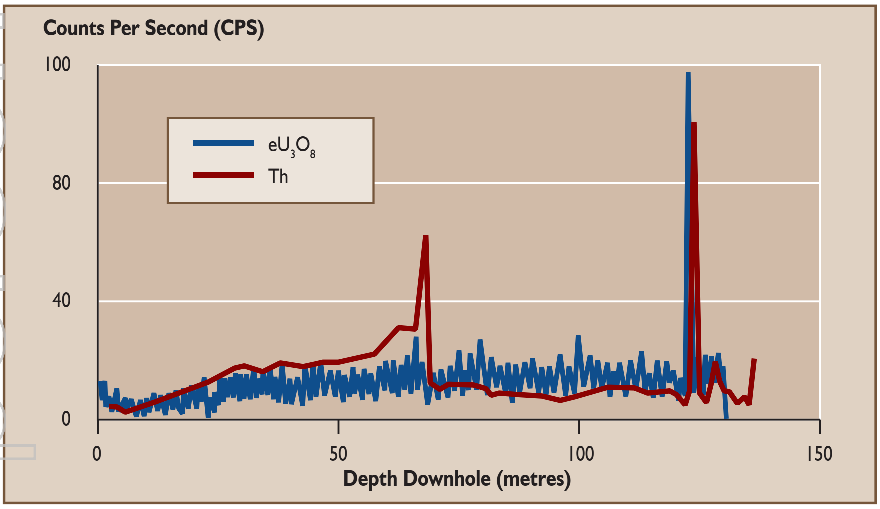
Under the Joint Venture formed to explore the basement on the two licences, gravity and magnetic targets were defined and a drilling program designed to test three targets. Due to drilling difficulties in the Tertiary cover however, only two holes were drilled, both targeting magnetic anomalies.

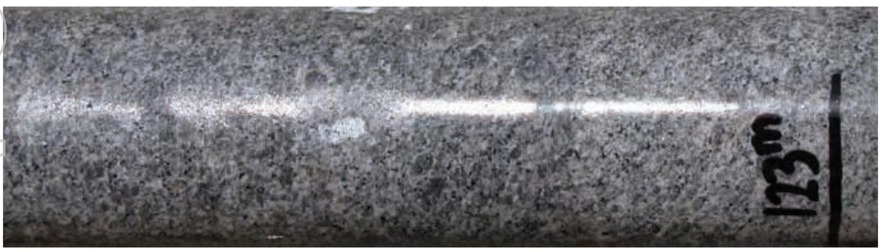
The first drill hole LR0041 was abandoned at sixty-eight metres after failing to penetrate Tertiary clays and sands. No anomalies were reported.

The second hole, LR0042, was drilled with an RC pre-collar to 67.5 metres and then completed to 135.9 metres with NQ diamond core. It intersected weathered and oxidised granitic material from forty-five metres to seventy-nine metres. The fresh granite has abundant disseminated magnetite and typical magnetic susceptibility measurements ranged from twenty to fifty (10-3) SI, explaining the surface magnetic anomaly.

A finer grained less biotite-rich interval from 122.8 metres to 123.9 metres reported 0.44 metres @ 256 ppm eU_3O_8 from downhole gamma logging (refer photo below). This corresponds approximately with assays of 8 ppm U_3O_8 and 276 ppm Th over the same interval, indicating thorium as the likely source of the downhole gamma anomaly shown in Figure 16.

Figure 16: Downhole gamma log eU3O8 and Thorium assays from LD0041





Finer grained granite in core from LR0042 with gamma spike.

EXPLORATION *(cont.)*

SOUTH AUSTRALIA

Toro relinquished three tenements – ELs 3437, Coober Pedy; 3327, Culberta Bore; and 3487, Curraworra Bore. Uranium rights were also relinquished for EL 3302, Warriner Creek, held by Minotaur Exploration (ASX code: 'MEP'). The depth of cover limited the potential on this tenement. Beyond the Roxby Acropolis Project, no exploration was carried out on South Australian tenements because of our focus in the Northern Territory and Western Australia.

Bornite in calcite vein in drillhole AS09D03.

Mount Woods Project

Toro has the uranium rights through a Uranium Access Agreement (UAA) over the OZ Minerals Exploration Licenses surrounding, but not including the Prominent Hill Mining Lease.

Following the restructure of OZ Minerals, the Mount Woods Project has been elevated in importance as OZ Minerals looks to expand its exploration program in the region. OZ Minerals has advised that it has fifteen 'Prominent Hill' style targets in the region that are yet to be explored.

OZ Minerals has been actively exploring for IOCG deposits in the area surrounding Prominent Hill. Drill holes are assayed for uranium with all data available to Toro.

Roxby Acropolis Project

A two milliGal residual gravity anomaly coincident with a magneto-telluric anomaly was defined and drill tested. This Aphrodite gravity anomaly is thirteen kilometres south-east of the Wirrda Well prospect where Western Mining Corporation historically recorded 215 metres @ 0.8% Cu (419 to 634 metres) in hole WRD 9.

Drill hole AS09D03 intersected crystalline basement at 671.2 metres and continued to a depth of 804.5 metres. Intervals of red-rock alteration and sericitisation are present, as are late stage veins of carbonate (calcite, dolomite and siderite) variously containing haematite, fluorite, chalcocite, bornite and chalcopyrite (refer photo above). Although assay values are low, such as 0.2 metres @ 1950 ppm Cu and 26.4 percent Fe for a bornite-bearing carbonate vein at 758.8 metres, alteration and veining are consistent with IOCG-style alteration regionally present at Olympic Dam, Carrapateena and Wirrda Well.

Firestrike Project area.

WILUNA REGIONAL EXPLORATION

Wiluna Regional

Toro commenced regional exploration in the vicinity of our Wiluna Project through the purchase of two tenements from Liberty Resources (LBY) (ASX disclosure – 13 November 2009). The carnotite uranium mineralisation at the Firestrike Prospect is very similar to Toro's Centipede deposit 20 kilometres to the north-west. An air core and sonic drilling program has been scheduled to evaluate previously reported (ASX disclosure – 22 April 2008) intersections of:

- 1 metre @1245 ppm U_3O_8 from 4 metres
- 1 metre @ 1091 ppm U_3O_8 from 1 metre
- 2 metres @ 655 ppm U_3O_8 from 2 metres

We have applied for a further tenement, E53/1524, focused on the Abercrombie channel upstream of the Centipede mineralised uranium system.

EXPLORATION *(cont.)*

NAMIBIA

Toro is party to a joint venture over three tenements in Namibia between Deep Yellow Limited (DYL) and a Namibian Black Economic Empowerment Company, Sixzone Investments Proprietary Limited. Toro's interest is exercised through its wholly owned subsidiary, Nova Energy Namibia Pty Ltd, and DYL's through its wholly owned Namibian subsidiary, Reptile Mineral Resources and Exploration Limited (RUN).

RUN has flown three extensive airborne geophysical surveys totalling 30,160 kilometres over its EPLs and the Nova Joint Venture tenements comprising radiometric, magnetic and electromagnetic data collection. Reprocessing and interpretation of all the geophysical information is being used to target areas for additional 'INCA-style' primary mineralisation and possible higher-grade alaskite mineralisation such as at Extract Resources' Rossing South discovery within the so-called 'Alaskite Alley' (a term often used by Extract) which extends into both the Nova Joint Venture and RUN EPLs.

Drilling managed by RUN concentrated along the northern boundary of EPL 3668 immediately to the south-west of the Langer Heinrich Mine. Drilling so far has not intersected mineralisation of a similar tenor to the Langer Heinrich deposit.

Reptile (Deep Yellow) drilling on Nova's EPL 3668 Nov 2009.

COMMUNITY

Toro maintained strong engagement with communities in the vicinity of our exploration sites, in particular Traditional Owners in various parts of outback Australia. We employed casual technical assistants at Napperby and Lake Mackay, allowing these Indigenous stakeholders to become more aware of exploration methods and how rehabilitation is carried out. We believe it is important to encourage understanding of and participation in our Projects as a means of extending development of the resources sector with community understanding and support.

Wiluna Indigenous Training and Employment Program includes trainee employment and mentoring support.

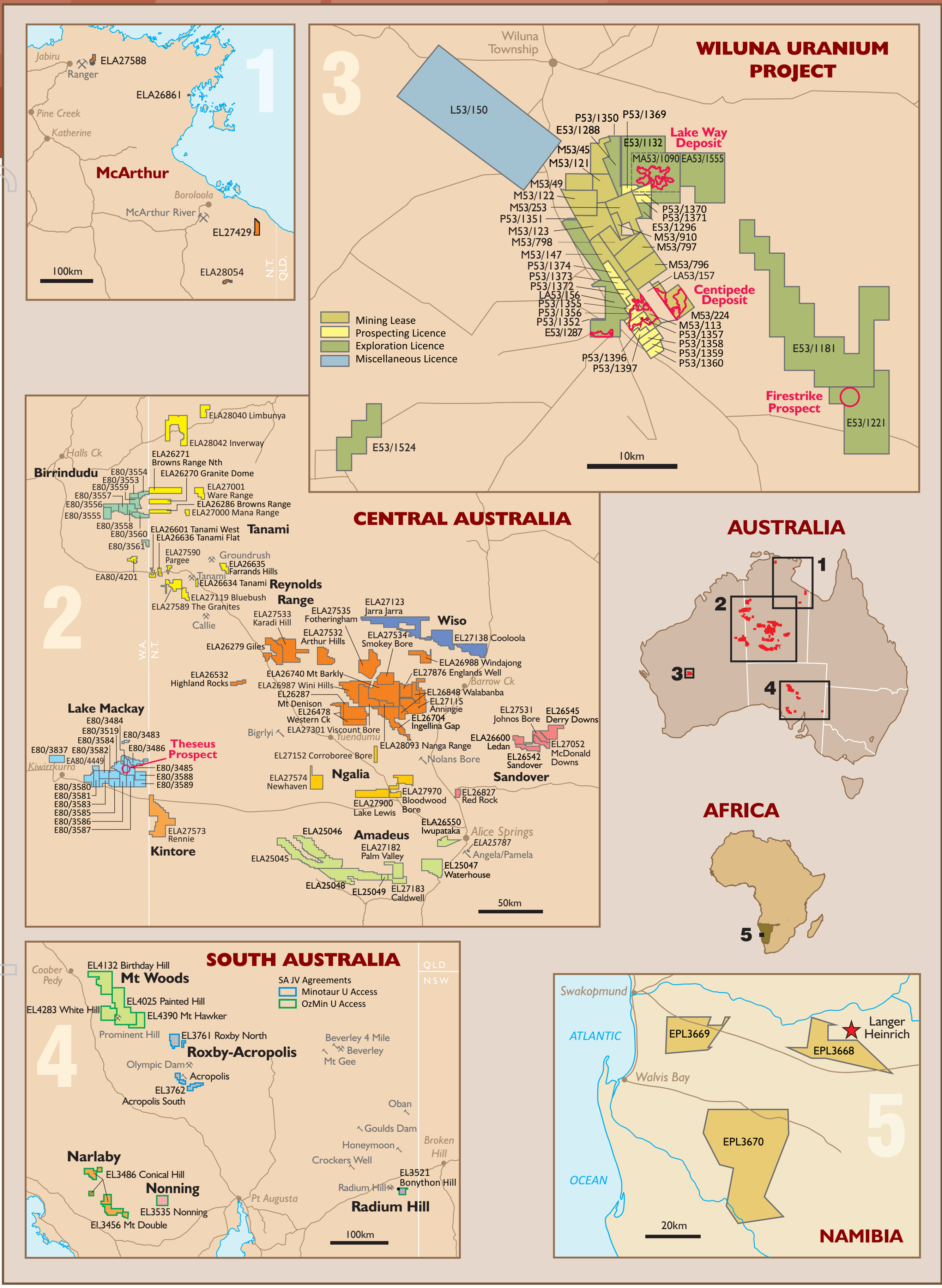


Figure 17: Toro Energy's tenement position for uranium exploration and future development as at 30 June 2010

BUSINESS DEVELOPMENT

OVERVIEW

Business development is a pro-active function within the Company that seeks to support our exploration and development work by securing funds, leveraging ground position and expanding and enhancing Toro's project footprint to provide a more solid economic base for our future activities.

Our business development work also maintains a focus on corporate strategy and in particular our objectives of being a significant and sustainable uranium producer. To do this, our most important goal is to secure a second project to compliment what we are doing at Wiluna.

AN ACTIVE YEAR

Business Development was active on a number of fronts including:

- Capital raising through a major A$40 million placement to institutional investors, including A$20 million to Toro's major shareholder, OZ Minerals Limited;
- An additional A$21 million capital raising post institutional placement by way of a share purchase plan offered to Toro's other shareholders;
- The negotiation and securing of a A$20 million 'Equity Line of Credit' that allows for micro-placements solely at Toro's discretion;
- The acquisition of the Firestrike uranium discovery from Liberty Resources Limited, a project within trucking distance of our Wiluna Project;
- The negotiation of an agreement in principle with MMG to underpin the security of critical project assets at Wiluna, including tenements, pastoral leases and exploration assets.

We have attracted considerable interest in our Australian uranium assets from various investment entities in line with further development and expansion of the nuclear power industry in a number of countries.

EQUITY LINE OF CREDIT and CAPITAL RAISING

In August 2009 an Equity Line of Credit agreement was executed. It was provided by YA Global Master SPV Ltd ('YA Global') based in the United States. This provides Toro with additional flexibility in its financing options allowing 'at call' share placements of up to $500,000 during a ten day trading period, with total placements allowed up to the facility limit of A$20 million.

In September / October 2009 Toro completed a capital raising totalling A$61 million through placements to institutional and sophisticated investors (including OZ Minerals) and a share purchase plan (SPP). This involved the issuing of 404,178,881 Toro shares at A$0.15 per share as follows:

23 September 2009	Tranche 1	83,636,669 shares
02 November 2009	Tranche 2	182,836,797 shares
17 November 2009	SPP	137,978,415 shares
	Total	404,178,881 shares

Funds secured through the Institutional Placement and SPP are being applied to project development, exploration and corporate development initiatives.

WILUNA PROJECT
– Consolidation and Expansion

We are working to consolidate and expand our position in the Wiluna Project area, establishing more secure tenure and a bigger resource base.

INDUSTRY CONSOLIDATION

In line with our Corporate strategy, we plan a resource position through which we are able to supply product from multiple projects to drive our marketing plan and secure long term contracts.

The equity market has demonstrated an appetite for the evolution of a new generation of uranium suppliers. In working to be at the forefront of new entrants to the business, Toro will assess acquisitions based on:

- Deepening our project pipeline;
- Diversifying political risk to our operations;
- Focusing on lower cost operations;
- Reducing technical risk to our total assets.

COMMUNITY SUPPORT

Toro Energy is an active partner in the Wiluna Community committed to enhancing positive community relationships, employment and economic opportunities. Martu Eagles vs Dalkeith-Nedlands – photo of Ashlee Gilbert and Jacob Wroughton courtesy of The West Australian Newspaper.

As Toro expands its activities, we will seek to ensure that the communities in which we operate benefit from our presence.

In 2009/10 we supported the following community and other organisations:

- 'Caring for Country' training at Wiluna coordinated by the Wiluna Regional Partnership Agreement and provided by Central Desert Native Title Services;
- Engineering and Geological scholarships at the University of Adelaide;
- "Make a Difference in Your Community" Appeal for Rural Experience Grants to assist financially disadvantaged students;
- 'Out of the Shadows – Aboriginal Business in the Spotlight' Conference;
- Support for The Royal Flying Doctor Service functions;
- Participation in The CEO Sleep Out to support St Vincent de Paul;
- A visit by Canadian based radiation specialist, Dr Doug Boreham, to provide seminars in Perth, Adelaide, Canberra and Brisbane;
- North East Yilgarn Biogeochemistry Project in partnership with Minerals and Energy Research Institute of Western Australia "MERIWA".

Our support for the Wiluna Community included:

- Initiation of Indigenous Training and Employment Program – employment of first two trainees and mentoring support;
- Leadership in the Wiluna Regional Partnership by provision of the Industry Partners Group chairperson and participation in Steering and Stakeholder Groups;
- Active support for the establishment of a community based employment and enterprise development scheme;
- Sponsorship of the Wiluna Community Christmas Street Party.
- Provision of sponsorship for the Wiluna Ball;
- Sponsorship of basketball trophies for NAIDOC Week ("National Aboriginal and Islander Day Observance Committee");
- Sponsorship of Martu Eagles football trip;
- Sponsorship of football match in NAIDOC Week.

FINANCIAL REPORT *for the year ended 30 June* 2010

CONTENTS TO FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit their financial report for the year ended 30 June 2010.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are;

Ms Erica Smyth	*Chair*
Mr Greg Hall	*Managing Director*
Mr Derek Carter	*Non Executive Director*
Mr Peter Lester	*Non Executive Director*
Mr John Nitschke	*Non Executive Director*
Mr Andrew Coles	*Non Executive Director* Appointed 14 September 2009
Mr Jeff Sells	*Non Executive Director* Retired 2 August 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Names, qualifications, experience and special responsibilities

Ms Erica Smyth, MSc, FAICD, FAIM *(Non-Executive Chair)*

Ms Smyth was appointed to the Board on 30 October 2007, as Chair on 30 April 2009 and has over 35 years experience in the mineral and petroleum industries.

Ms Smyth is also the Chair of Scitech, ScreenWest and the Diabetes Research Foundation of WA. She is a Member of the Board of the Australian Nuclear Science and Technology Organisation (ANSTO), the Royal Flying Doctor Service (Western Operations) and the Cooperative Research Centre for Sustainable Resource Processing. Ms Smyth is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management.

Ms Smyth is the Chair of the Company's Remuneration Committee.

Mr Greg Hall, BEng *(Managing Director)*

Mr Hall is a Mining Engineer with 28 years experience in the resources industry, including 20 years in the uranium industry in senior marketing, operational management and MD roles. Mr Hall was previously Director Sales – Bauxite and Alumina with Comalco, a member of the Rio Tinto group, which he joined in 2004. Prior to this he held the role of Marketing Manager (North America) for ERA Ltd from 2000 to 2004, including a period of one year managing business improvement processes at its Ranger project.

He was Manager – Mining of ERA Ltd's Ranger and Jabiluka operations, and held a variety of senior technical and operational management roles at WMC Resources Ltd at its nickel operations and the Olympic Dam project, where he was Underground Manager and Mining Manager. He undertook a secondment to LKAB's iron ore mining operations in Sweden in 1992/93. Mr Hall has been Managing Director of Toro Energy Limited ("Toro") since March 2006.

Mr Hall is a member of the Company's Remuneration Committee.

Mr Derek Carter, MSc, FAusIMM (CP) *(Non-Executive Director)*

Derek Carter has over 40 years experience in exploration and mine geology, including 17 years in management of ASX- listed exploration companies. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur in 1993. He was Managing Director of Minotaur from its inception until early 2010 when he became Chairman of that company. He is also Chairman of Petratherm Ltd, and is a Director of Mithril Resources Ltd all of which are listed on the ASX.

He was Vice President and later, President, of the South Australian Chamber of Mines and Energy, was a Director of the Australian Gold Council and Chairman of the Minerals Exploration Advisory Group, a body advising the Federal Minister on issues affecting exploration within Australia. He is a member of the South Australian Resources Development Board, and the South Australian Minerals and Petroleum Experts Group.

He was awarded AMEC's Prospector of the Year Award (jointly) in 2003, is a Centenary Medalist and was recently honored with the President's Award from the AusIMM.

Mr John Nitschke, BE(Hons) MSc DIC FAusIMM(CP) GAICD *(Non-Executive Director)*

Mr Nitschke was appointed to the Board on 15 June 2009 and is mining engineer with over 35 years experience in the resources industry in mining operations and project management. Mr Nitschke is currently the Executive General Manager Projects & Technical Services for OZ Minerals responsible for all major development projects and viability studies within the Group together with Technical Services and Sustainability issues. Mr Nitschke has previously worked on development, optimizing and permitting projects for MIM Holdings and Normandy.

Mr Nitschke is a member of the Company's Audit Committee.

Mr Andrew Coles, BEc MBA *(Non-Executive Director)*

Mr Coles is the Chief Financial Officer of OZ Minerals and has almost 30 years experience in the resources industry. He commenced his career with CRA Ltd (now Rio Tinto) where he held roles in accounting, finance and treasury in Melbourne, London and Dampier. He then joined Esso Australia where he held roles in treasury, planning and public affairs in Melbourne and Houston, including as Treasurer of ExxonMobil Australia. In 2003, he joined Pasminco during its administration as Group Treasurer then held the same role in Zinifex following its float in 2004.

From 2007, he worked primarily on M&A activities, including the IPO of Nyrstar in Belgium in 2007, the merger with Oxiana in 2008 and the asset sale process in 2009. Mr Coles was appointed CFO of OZ Minerals in June 2009.

Mr Coles is a member of the Company's Remuneration Committee.

Mr Peter Lester, BEng (Mining – Hons), MAICD
(Non-Executive Director)

Mr Lester was appointed to the Board on 30 October 2007 having previously served on the Nova Energy Board. He is a mining engineer with extensive experience in senior operating, development and corporate roles with Newcrest, North, CRA and MIM. He was the Executive General Manager Corporate Development for Oxiana when Toro was initially floated and then OZ Minerals prior to joining Citadel Resource Group as Executive Director responsible for Corporate Development. His activities have covered Australia, South East and Central Asia, the Middle East and the Americas and include a period in broking on both the research and corporate desks.

Mr Lester is the Chair of the Company's Audit Committee.

Mr Jeff Sells, BBus (Accounting), CA, CFTP
(Non-Executive Director - Retired)

Mr Sells was appointed to the Board on 30 October 2007 and has over 20 years financial management experience, currently acting as Chief Financial Officer of Citadel Resource Group Ltd. Prior to this Mr Sells was Chief Financial Officer of Oxiana Limited for over four years supporting the company's growth up until the merger with Zinifex Limited to create OZ Minerals Limited. Prior to this Mr Sells spent 10 years at Ashton Mining Limited in senior financial positions and two years as Group Treasurer at pharmaceuticals company, Sigma Company Limited. He has extensive experience with mining operations in Australia, Africa and South East Asia, and a background in general management, accounting, tax, treasury and corporate finance.

He is a Chartered Accountant, and member of the Australian Institute of Company Directors. He was the Chairman of the Company's audit committee until his retirement from the Toro Board on 2 August 2010.

COMPANY SECRETARY

Mr Donald Stephens, BA (Acc), FCA

Mr Stephens is a Chartered Accountant and corporate adviser with over 20 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd and Papyrus Australia Ltd and is company secretary to Minotaur Exploration Ltd, Mithril Resources Ltd and Petratherm Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

He is the secretary of the Company's audit committee.

DIVIDENDS

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were:

- Exploration and assessment of tenement portfolio;
- Advancing project test work and approvals for Toro's 100% owned Wiluna project;
- Review and execution of value-adding corporate or project acquisitions.

OPERATING RESULTS FOR THE YEAR

The Group's net loss after income tax was $16,610,523 (2009: $69,716,148 Loss) which includes a $13,950,711 non-cash impairment resulting from decisions to cease exploration activities over 16 tenements. At the date of this report the Group managed 85 tenements in its exploration portfolio.

OPERATIONS OVERVIEW

Despite a challenging environment Toro continued to progress towards being one of Australia's next generation of uranium developers and producers.

Key events over the financial year included:

- The completion of the Wiluna Optimisation Study;
- WA Government approval of the Wiluna resource test pit;
- Public release of the Wiluna Environmental Scoping Document;
- Theseus Uranium Discovery;
- $61m fund raising;
- Withdrawal from Napperby Project acquisition option;
- Acquisition of the Firestrike uranium discovery (Wiluna region);
- Cameco JV on Birrindudu project.

Project Evaluation – Wiluna

At the Wiluna Project in Western Australia, Toro continued its planning and development of a uranium mine, associated processing plant and support infrastructure.

During the financial year the Group completed the Optimisation Study, commenced the Government assessment and approvals process and secured approval for a trial pit.

Additional test work, risk and environmental evaluation and the potential to access additional tenements in the Wiluna region caused Toro to favour an agitated tank leach process route over a heap leach option. Although involving a higher initial capital cost, the technical development of this process is commercially proven, the overall project economics improve markedly with additional resources, and the higher recovery and hence longer mine life is more attractive to long term utility buyers.

For the alkaline agitated tank leach, a conceptual flow sheet has been developed with a supporting test program comprising:

- Development tests
- Pilot tests
- Post pilot tests
- Variability tests

The test work will be approached in a staged manner such that the next stage will not proceed until or unless certain pre-conditions have been satisfied. Particular attention will be given to the following issues that have the potential to influence project viability:

- Achievable thickener underflow densities
- Final residue settling characteristics
- Reagent consumption in milling
- Capacity to increase uranium tenor by recycling PLS to leach

Other planned major work to evaluate mining and processing options includes:

- Groundwater characterisation for both volume and quality
- Water supply quantity and quality verification
- Resource drilling to increase the level of confidence in the resource and provide samples for metallurgical testing across the deposits

Significant progress was made in securing Government approvals for the Wiluna Project with the public release of the Environmental Scoping Document. The ESD will be finalised following the public exhibition period to enable Toro to prepare its ERMP. The Group's objective is to secure all Government approvals necessary to enable construction of the project to begin in 2012.

In seeking to build relationships of mutual trust with Aboriginal people, Toro has worked through Central Desert Native Title Services (CDNTS) as the representative body for the area pursuant to the Native Title Act. Toro appreciated the opportunity to attend meetings of Traditional Owners at Wiluna convened by CDNTS. At these meetings, Toro provided information about its plans for the Wiluna Project and also addressed a range of issues raised by the Traditional Owners.

As a participant in the Wiluna Regional Partnership Agreement, Toro is working with the local community to support its social, economic and cultural development. This includes co-funding of a 'caring for country' program under which Traditional Owners are sharing traditional knowledge and receiving advice and training in environmental work.

As the Group advances its exploration and project work and prepares for its first operating mine, it is implementing internal policies and systems to ensure the highest priority is given to health, safety and the environment.

In the reporting period Toro implemented a comprehensive Health, Safety and Environment (HSE) Management System with a primary focus on the Wiluna Project. The system has been structured to comply with the Standard AS/NZS 4801:2001 Occupational Health and Safety Management Systems.

A Radiation Management System has been prepared to assist meeting the commitments under the Group's Radiation Protection Policy. The Policy and System provide the overarching guidance for creating site specific radiation management plans for submission to Government as part of the assessment and approvals processes for exploration and mining activities.

During the year Toro acquired additional exploration properties in the Wiluna region with the purchase of the Firestrike prospect and continues to evaluate options to secure further prospective ground in proximity to the Wiluna Project.

Toro ended the year undertaking its first round of off take agreement negotiations in Japan and the United States for uranium oxide product from Wiluna.

Project Evaluation – Napperby

From the results of its Scoping Study and alternative development option investigations, Toro determined that the economics of the Napperby project, based on near and longer term uranium prices, did not warrant taking up the Napperby purchase option under the contracted terms with Deep Yellow Limited.

Based on the uranium operating experience of Toro's management team, including its experience at the advanced Wiluna uranium project in WA, Toro ensured that the mine studies encompassed design, operations, systems and plant that would satisfy all Northern Territory and Federal Government environmental and operational requirements necessary for an approval of a modern uranium mining operation.

Throughout the exploration and scoping process Toro encouraged and facilitated community engagement in activities such as:

- The CLC and traditional owners were informed and closely engaged in the exploration work, including some initial employment by local people.
- The local pastoralist was fully informed of all site activity, and also provided services in both accommodation and minor earthworks.
- Toro also maintained contact and information flow with the Alice Springs Council, and the new Central Desert Council, and brought radiation and uranium education and information expertise to Alice Springs through information seminars.

Despite the thorough exploration, scoping and community work outlined above, the economic analysis indicated the deposit unlikely to exceed Toro's internal rate of return requirements under present and near term uranium price scenarios.

In the interest of preserving shareholder value Toro allowed the purchase option to lapse allowing operational control to revert back to Deep Yellow Limited with the exception of required rehabilitation work which is underway and due for completion in the first half of 2010.

Exploration

Toro's exploration program included regional drilling programs at Lake Mackay and Napperby, detailed airborne magnetic/radiometric surveys at Lake Mackay and airborne electromagnetic surveys at Lake Mackay, Reynolds Range and Sandover.

Toro made its first green-field uranium discovery, Theseus, at Lake Mackay in Western Australia, an exciting project with excellent potential to add to the mid-term project pipeline. A drill program of at least 9000 metres is planned and underway in this exciting, genuine greenfields project.

Toro completed a Joint Venture with Cameco Australia Pty Ltd over the Birrindudu project. The exploration target is for high-grade, high-tonnage 'unconformity style' uranium associated with graphitic units in the Palaeoproterozoic basement. Toro has conducted two field visits and heritage meetings 'on country' with Traditional Owners and the Kimberley Land Council in November and May. A heritage clearance for ground checking and drilling areas was completed to allow planning for the commencement of drilling.

Toro commenced regional exploration in the vicinity of the Wiluna Project through the purchase of two tenements from Liberty Resources (LBY). The carnotite uranium mineralisation at the Firestrike Prospect is very similar to Toro's Centipede deposit 20 kilometres to the north-west. An air core and sonic drilling program has been scheduled to evaluate previously reported intersections.

Toro is party to a joint venture over three tenements in Namibia between Deep Yellow Limited (DYL) and a Namibian Black Economic Empowerment Company, Sixzone Investments Proprietary Limited. Upon the expenditure of AUD $3,500,000 Deep Yellow Limited earn a 65% interest in Nova Energy Namibia Pty Ltd. The Group has received advice from Deep Yellow Ltd that the earn-in expenditure is likely to mature in the 2010/2011 financial year.

Corporate and Administration

The Group's corporate work maintains a focus on strategy and business development and in particular the objective of being a significant and sustainable uranium producer.

Corporate highlights included:

- Capital raising through a major forty million dollar placement to institutional investors, including twenty-million dollars to Toro's major shareholder, OZ Minerals Limited.
- An additional twenty-one million dollar capital raising post institutional placement by way of a share purchase plan offered to Toro's other shareholders.
- The negotiation and securing of a twenty million dollar 'Equity Line of Credit' that allows for micro-placements solely at Toro's discretion.
- The acquisition of the Firestrike uranium discovery from Liberty Resources Limited, a project within trucking distance of our Wiluna Project.
- The negotiation of an agreement in principle with MMG to underpin the security of critical project assets at Wiluna, including tenements, pastoral leases and exploration assets.

The equity market has demonstrated an appetite for the evolution of a new generation of uranium suppliers. In working to be at the forefront of new entrants to the business, Toro will assess acquisitions based on:

- Deepening the Group's project pipeline
- Diversifying political risk to the Group's operations
- Focusing on lower cost operations
- Reducing technical risk to the Group's total assets

In the year ahead, Toro will continue to build the quality of its asset base and advance the Wiluna Uranium Project towards Government approval and production. The Group looks forward to the results of its substantial exploration program, especially at Lake Mackay and will continue to assess.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Group has established an Audit and Risk Committee to address risk management.

The Group has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the group's objectives and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non financial nature.
- The development and operation of project risk management plans for significant projects.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue to undertake appropriate exploration and evaluation expenditure thereby enabling it to maintain good title to all its prospective mineral properties until proper decisions can be made to successfully develop and exploit, sell or abandon such properties. New projects will be sought and evaluated. Provision of any further information may result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the period under review the majority of work carried out was in Northern Territory, South Australia and Western Australia and the Group followed procedures and pursued objectives in line with guidelines published by the relevant State Governments. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable.

Environmental and Social Policy

Sustainable exploration, development and mining are attainable by carefully managed activities and processes which have little or no lasting impact on the environment. Toro is committed to minimising environmental and social impacts of its activities.

Toro's Environment and Social Policy is to:

- Understand that a commitment to best environmental and social practice is crucial to the growth and sustainability of our business
- Comply with all applicable legislation and legal requirements in all states where we operate
- Involve affected communities by discussing the development of work programs and communicating activities
- Monitor and endeavour to continuously improve our environmental and social performance

To support this policy we will adopt the following practices:

Environment

- Minimise clearing of local vegetation prior to exploration activity
- Implement adequate controls on fuels and other chemicals used in drilling
- Cap and make safe drill holes
- Construct the minimum number of access tracks
- Eliminate the transport of weeds or other exotic species between regions
- Apply best practical methods known and available to the company during exploration, particularly with respect to uranium
- Rehabilitate land affected by exploration with the aim of returning it to its previous use
- Train employees and assist contractors to achieve the above environmental aims

Social

- Recognise that local people have significant environmental knowledge of areas to be explored
- Communicate with relevant local residents, farm or pastoral property owners and occupiers, Aboriginal groups and local authorities regarding access and work programs
- Respect the rights, cultural beliefs, and relevant concerns of all parties having a legitimate interest in land proposed for exploration
- Minimise the impacts of exploration activities wherever possible
- Consult with land users, owners, lessees and with Government authorities to ensure that statutory and other requirements are known

SHARE OPTIONS

Unissued Shares

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2009	Net Issued/ (lapsed) during Year	Balance at 30 June 2010
24/03/2006	23/03/2011	$0.40	4,000,000	-	4,000,000
01/04/2006	31/03/2011	$0.35	2,000,000	-	2,000,000
01/04/2006	31/03/2012	$0.45	1,000,000	-	1,000,000
27/09/2006	26/09/2011	$0.65	500,000	-	500,000
12/12/2006	11/12/2011	$0.88	440,000	-	440,000
19/03/2007	18/03/2012	$1.15	200,000	-	200,000
04/07/2007	9/04/2012	$1.21	100,000	-	100,000
04/07/2007	3/07/2012	$1.21	100,000	-	100,000
04/07/2007	18/02/2012	$1.21	20,000	-	20,000
19/11/2007	18/11/2012	$0.73	500,000	-	500,000
14/12/2007	13/12/2012	$0.61	860,000	(100,000)	760,000
20/11/2007	19/11/2012	$0.73	3,000,000	-	3,000,000
07/08/2008	6/08/2013	$0.55	850,000	-	850,000
18/12/2008	17/12/2013	$0.25	1,665,000	-	1,665,000
09/11/2009	19/03/2014	$0.25	-	1,000,000	1,000,000
03/02/2010	2/02/2015	$0.22	-	5,555,000	5,555,000
			15,235,000	6,455,000	21,690,000

Shares issued as a result of the exercise of options

No shares have been issued as a result of the exercise of options throughout the period ended 30 June 2010 or after the balance date at the time of signing this report.

New Options Issued

During the financial year, the following options were issued to company employees and officeholders:

- 1,000,000 options issued to the Managing Director;
- 1,000,000 options issued to the General Manager Business Development;
- 1,000,000 options issued to the General Manager Project Development;
- 500,000 options issued to the General Manager Exploration;
- 350,000 options issued to the Finance Manager;
- 300,000 options issued to the Company Secretary.
- 2,405,000 options issued to other employees of Toro.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of $49,000. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Audit Committee
Number of meetings held	12	5

Number of meetings attended:	Eligible	Attended	Eligible	Attended
Ms Erica Smyth	12	12	-	-
Mr Greg Hall	12	12	-	-
Mr Derek Carter	12	11	-	-
Mr Peter Lester	12	10	-	-
Mr Jeff Sells	12	9	5	5
Mr John Nitschke	12	12	5	5
Andrew Coles	9	9	-	-

Members acting on the Audit & Risk Committee of the Board are:

Peter Lester	Non-executive director	*Appointed 27 August 2010*
John Nitschke	Non-executive director	
Jeff Sells	Non-executive director	*Retired 2 August 2010*

PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report there were no leave applications or proceedings brought on behalf of the consolidated entity under section 237 of the Corporations Act 2001.

FINANCIAL STATEMENT PREPARATION METHODOLOGY

Impairment of Assets

The Group has conducted impairment procedures in accordance with the Australian Accounting Standards and the accounting policy outlined at note 1k and 11 of the notes to the financial statements, to ensure assets are not reported at more than their recoverable amount. An outline of the results of these procedures is provided below:

Consolidated Group

The impairment expense of $13,950,711 was incurred as a result of the decision to cease exploration activities over 16 tenements. The Group currently maintains 85 tenements in its exploration portfolio.

For further details regarding the impairment on assets refer to note 1k, 3b and 11.

REMUNERATION REPORT (Audited)

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the Company. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

Current Senior Executives

The employment conditions of the Managing Director, Mr Greg Hall, are formalised in a contract of employment. Mr Hall commenced employment on 29 March 2006 and his gross salary, inclusive of the 9% superannuation guarantee, is $321,800 per annum. The Company may terminate the employment contract without cause by providing six (6) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Business Development Manager, Mr Simon Mitchell, are formalised in a contract of employment. Mr Mitchell commenced employment on 26 September 2006 and his gross salary, inclusive of the 9% superannuation guarantee, is $219,029 per annum. The Company may terminate the employment contract without cause by providing five (5) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Exploration Manager, Mr Mark McGeough, are formalised in a contract of employment. Mr McGeough commenced employment on 4 August 2008 and his gross salary, inclusive of the 9% superannuation guarantee, is $228,800 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing two months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Finance Manager, Mr Todd Alder, are formalised in a contract of employment. Mr Alder commenced employment on 20 February 2008 and his gross salary, inclusive of the 9% superannuation guarantee, is $160,448 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing two months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Former Key Management Personnel

Mr Kenny, formerly Technical Director Wiluna, commenced employment on 19 November 2007 and his gross salary, inclusive of the 9% superannuation guarantee, was $249,392 per annum. Dayle Kenny resigned from the Company on 31 August 2010.

Key management personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for Board members and senior executives of the Group. The policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The non executive directors and other executives receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the company share option scheme. Options are valued at the time of issue using the Black Scholes methodology.

The Board policy is to remunerate non executive directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Table 1: Directors' remuneration for the year ended 30 June 2010 & 30 June 2009

		Short Term Salary & Fees	Short Term Cash Bonus	Post Employment Superannuation	Share-based Payments* Value of options	Total $
Erica Smyth	2010	77,982	-	7,018	-	85,000
	2009	65,691	-	5,912	25,152	96,755
Gregory Hall	2010	285,229	50,000	30,171	126,800	492,200
	2009	275,229	-	24,771	-	300,000
Derek Carter	2010	50,459	-	4,541	-	55,000
	2009	50,459	-	4,541	-	55,000
Peter Lester	2010	50,459	-	4,541	-	55,000
	2009	50,459	-	4,541	25,152	80,152
Jeff Sells	2010	59,633	-	5,367	-	65,000
	2009	51,987	-	4,679	25,152	81,818
John Nitschke	2010	52,561	-	4,730	-	57,291
	2009	-	-	-	-	-
Andrew Coles	2010	39,946	-	3,595	-	43,541

* *Estimated option value is calculated using the Black Scholes methodology – see note 11 of the Financial Report for further information.*

Table 2: Remuneration of specified executives for the year ended 30 June 2010 and 30 June 2009

		Short Term Salary & Fees	Short Term Cash Bonus	Post Employment Superannuation	Share-based Payments* Value of options	Total $
Simon Mitchell	2010	192,272	20,000	19,104	106,800	338,176
	2009	183,600	-	16,524	36,891	237,015
Mark McGeough	2010	208,296	15,000	20,097	53,400	296,793
	2009	181,815	-	16,363	41,174	239,352
Dayle Kenny	2010	224,400	12,000	21,276	106,800	364,476
	2009	220,000	-	19,800	69,750	309,550
Todd Alder	2010	138,600	10,000	13,374	37,380	199,354
	2009	130,000	10,000	12,600	28,821	181,421
Donald Stephens	2010	-	-	-	32,040	32,040
	2009	-	-	-	15,881	15,881

* *Estimated option value is calculated using the Black Scholes methodology – see note 11 of the Financial Report for further information.*

Options issued as part of remuneration

Options Issued as Part of Remuneration (2010)

30 June 2010	Grant Number	Grant Date	Value per option at grant date ($)	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	% of Remu-neration
Directors								
Greg Hall	1,000,000	09/11/09	0.13	0.25	19/03/14	20/03/10	19/03/14	26%
Executives								
Simon Mitchell	1,000,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	32%
Mark McGeough	500,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	18%
Dayle Kenny	1,000,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	29%
Todd Alder	350,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	19%
Donald Stephens	300,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	100%

Note: None of the above options granted to key management personnel have attached performance conditions in accordance with the current remuneration policy of the company.

Options Issued as Part of Remuneration (2009)

30 June 2009	Grant Number	Grant Date	Value per option at grant date ($)	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	% of Remu-neration
Directors								
Erica Smyth	1,000,000	20/11/07	0.043	0.73	19/11/12	01/12/08	19/11/12	26%
Peter Lester	1,000,000	20/11/07	0.043	0.73	19/11/12	01/12/08	19/11/12	31%
Jeff Sells	1,000,000	20/11/07	0.043	0.73	19/11/12	01/12/08	19/11/12	31%
Executives								
Simon Mitchell	250,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	16%
Mark McGeough	250,000	07/08/08	0.079	0.55	06/08/13	07/08/09	06/08/13	7%
Mark McGeough	250,000	07/08/08	0.079	0.55	06/08/13	07/08/10	06/08/13	7%
Mark McGeough	250,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	2%
Dayle Kenny	250,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	23%
Todd Alder	175,000	07/08/08	0.079	0.55	06/08/13	07/08/09	06/08/13	7%
Todd Alder	175,000	07/08/08	0.079	0.55	06/08/13	07/08/10	06/08/13	7%
Todd Alder	175,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	2%
Donald Stephens	150,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	100%

Note: None of the above options granted to key management personnel have attached performance conditions in accordance with the current remuneration policy of the company.

Share and Option holdings of key management personnel

Relevant interests in the shares and options of the Company are also disclosed in note 21e to the accounts.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board is committed to preserving and enhancing shareholder value through adhering to the highest standards of corporate governance. Where possible and reasonable the Board ensures compliance with the ASX Corporate Governance Council's *"Corporate Governance Principals and Recommendations (2nd Edition)"*.

The Company details below the corporate Government practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

The ASX Corporate Governance Council has released amendments dated 30 June 2010 to the second edition Corporate Governance Principles and Recommendations (Principles and Recommendations) in relation to diversity, remuneration, trading policies and briefings. The Group has addressed the amended principles within this statement.

Principle 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to the Managing Director and ultimately to senior executives.

The key responsibilities and functions of the Board include:

- Approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Company;
- Appointing, removing and setting succession plans for the Managing Director;
- Reviewing annually the performance of the managing director and senior executives against the objectives and performance indicators established by the Board.
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems.
- Overseeing the implementation and management of effective safety and environmental performance systems.
- Ensuring all major business risks are identified and effectively managed.
- Ensuring that the Group meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required. A review of Senior Executives took place during the year in accordance with the processes described above.

The Board has not publicly disclosed a formal statement of matters reserved for the Board and senior executives or a Board charter and therefore the Company has not complied with recommendation 1.1 and 1.3 of the Corporate Governance Council. Given the experience of the members of the Board, the Company has not formulated a Board charter.

Principle 2: Structure the Board to add value

Size and composition of the Board

At the date of this statement the Board consists of five non executive directors and one executive. Director's are expected to bring independent views and judgment to the Board's deliberations.

Ms Erica Smyth	*Chair*
Mr Greg Hall	*Managing Director, CEO*
Mr Derek Carter	*Non Executive Director*
Mr Peter Lester	*Non Executive Director*
Mr Andrew Coles	*Non Executive Director*
Mr John Nitschke	*Non Executive Director*

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualification and experience are set out in the Directors' Report of this Financial Report.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Ms Smyth is considered as an independent director as she has no other material relationship or association with the Company or its subsidiaries other than her directorship.

Mr Lester is considered as an independent director as he has no other material relationship or association with the Company or its subsidiaries other than his directorship.

Mr Carter is a Director of Minotaur Exploration Ltd, the beneficial owner of 0.29% of the issued capital in Toro. The Board does not consider this to influence independence with regard to the criteria established in the ASX Corporate Governance Council's Principles and Recommendations and as such he is considered to be independent.

Mr Nitschke and Mr Coles are employed in an executive capacity by OZ Minerals Ltd, the beneficial owner of 42.52% of the issued capital in Toro and are not considered independent with regards to the criteria established in the ASX Corporate Governance Councils Principle's and Recommendations.

The Company's Board totals 6 members of which 3 are considered independent. As such the Board does not consist of a majority of independent directors and therefore the Company has not complied with recommendation 2.1 of the Corporate Governance Council. The Board considers the current structure to be an appropriate composition given the qualifications and experience of the directors.

Nomination, retirement and appointment of Directors

The Board has not established a nomination committee or developed and publically disclosed a Nomination Committee Charter and therefore the Company has not complied with recommendation 2.4 and 2.6 of the Corporate Governance Council. Given the size of the Company, the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters. The composition/membership of the Board is subject to review in a number of ways, as outlined below:

- The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re election.
- Board composition is also reviewed periodically either when a vacancy arises or if it is considered that the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Group. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the Board.

Evaluation of Board performance

A review of the Board performance was carried out by the Chair in December 2009. The Board continues to review performance and identify ways to improve performance. The Chair is responsible for reviewing the Board performance on an annual basis.

Board Committees

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

The Board has established an Audit and Risk Committee and a Remuneration Committee. At the present time no other committees have been established because of the size of the Company and the involvement of the Board in the operations of the Company.

The Board has not publicly disclosed the process for evaluating the performance of the Board, its committees and individual directors. Therefore, the Company has not complied with recommendation 2.5 of the Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of the performance evaluation process necessary. The Board takes ultimate responsibility for these matters.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all Employees.

However, the Company has not publicly disclosed the code of conduct and therefore the Company has not complied with recommendation 3.1 and 3.3 of the Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of the code of conduct to be necessary. The Board takes ultimate responsibility for these matters.

Securities Trading Policy

The Company has a formal policy for dealing in the Company's securities by Directors, employees and contractors (designated persons). This sets out their obligations regarding disclosure of dealing in the Company's securities.

The Constitution permits designated persons to acquire securities in the Company, and Company policy allows designated persons to deal in the Company's securities at any time during periods stipulated by the policy. At all other times designated persons are prohibited.

In accordance with the provisions of the Corporations Act and the Listing Rules, the Company advises ASX of any transaction conducted by Directors in the securities of the Company.

The security trading policy is available for viewing on the Company's website at www.toroenergy.com.au.

Diversity

The ASX Corporate Governance Council has released amendments dated 30 June 2010 to the second edition Corporate Governance Principles and Recommendations (Principles and Recommendations) in relation to diversity. The Group is committed to supporting diversity, including consideration of gender, age, ethnicity and cultural background. The Board is ultimately responsible for reviewing the achievement of this policy. The Group recognises that through consideration of diversity and the best available talent, it will assist in promoting a working environment to maximise achievement of the corporate goals of the organisation.

The Group continues to strive towards achieving objectives established towards increasing gender diversity. At the end of the reporting period, the Group employed twenty nine staff, of which twelve were female and the Board of directors consisted of six male directors and one female Chair.

The Group is highly aware of the positive impacts that diversity may bring to an organization. The Group continues to assess all staff and Board appointments on their merits with consideration to diversity a driver in decision making. The Group has not yet developed or disclosed a formal diversity policy and therefore has not complied with the recommendations 3.2 and 3.3 of the Corporate Governance Council effective from 1 January 2011.

Principle 4: Safeguard integrity in financial reporting

The Group has structured financial management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Group includes:

- Review and consideration of the financial statements by the audit committee;
- A process to ensure the independence and competence of the Group's external auditors.

Audit Committee

The Audit and Risk Committee comprises Mr Peter Lester (Chair) who is a non-executive director and independent of senior management and operating executives of the Company, Mr John Nitschke a non-executive director and Mr Donald Stephens the Company Secretary. The Board will annually confirm the membership of the committee.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The role and responsibilities of the committee are governed by the Audit and Risk Committee charter. The charter is available for viewing on the Company's website at www.toroenergy.com.au.

The audit committee has not been structured to contain at least 3 directors a majority of which are independent. Therefore the Company has not complied with recommendation 4.2 of the Corporate Governance Council. Given the size of the Company, the members of the audit committee have been chosen for their relative skills and experience. The Board continues to monitor the composition of the committee and the roles and responsibilities of the members.

Principle 5: Make timely and balanced disclosure

The Company has a policy that all investors have equal access to the Company's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporation's Act and ASX Listing Rules. The company secretary has primary responsibility for all communications with the ASX. The company secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the Chair for all governance matters. The Company has established a formal disclosure policy to ensure compliance with ASX Listing Rule disclosures and to promote accountability at a Senior Executive level for that compliance.

The formal disclosure policy is available for viewing on the Company's website at www.toroenergy.com.au.

Principle 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

The Board promotes communication with shareholders in a form and language intended to be easily understandable.

Information is communicated to Shareholders through:

- the annual report available to all shareholders in hardcopy or electronic form;
- annual and other general meetings where shareholders are encouraged to attend and be heard by lodging questions with the company prior to the meeting date;

- the release to the ASX and on the Company website;
  - annual, half yearly and quarterly reports;
  - presentations to analysts and institutions;
  - other information in accordance with the Company's continuous disclosure policy and obligations.

The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 and 6.2 of the Corporate Governance Council. Given the size of the Company and Board, the Board does not consider design of, or disclosure of, a communications policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 7: Recognise and manage risk

The Board considers that proper risk and compliance management is fundamental to the success of its operations and as such takes seriously its obligations in this regard.

The Board has identified the significant areas of potential business and legal risk of Toro. The identification, monitoring and, where appropriate, the reduction of significant risk to Toro is the responsibility of the Managing Director and the Board. The Board has also established the Audit and Risk Committee which addresses the risk of the Group.

Management and the Board monitor the Company's material business risks and reports are considered at regular meetings where it has been established that the internal control system is operating effectively in all material aspects in relation to financial risks.

Managing Director and Finance Manager declaration to the Board of Directors

The Managing Director and the Finance Manager will be required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Company's risk management and internal controls are operating efficiently and effectively.

The Company has not established or publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 and 7.4 of the Corporate Governance Council. Given the size of the Company, the Board does not consider establishment or disclosure of a risk management policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 8: Remunerate fairly and responsibly

The Chair and the non-executive Directors are entitled to draw Director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is $450,000. This amount cannot be increased without the approval of the Company's shareholders. Please refer to the remuneration report within the Directors' report for details regarding the remuneration structure of the Managing Director and senior management.

The Board has not developed or publically disclosed a Remuneration Committee Charter and therefore the Company has not complied with recommendation 8.1 and 8.3 of the Corporate Governance Council. The Board takes ultimate responsibility for these matters.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton South Australian Partnership, in its capacity as auditor for Toro, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2010 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

Signed in accordance with a resolution of the directors.

Mr Greg Hall
Managing Director

15th September 2010

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TORO ENERGY LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Toro Energy Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Adelaide, 15 September 2010

Consolidated STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Other income	3 (a)	**2,221,833**	617,205
Impairment of non-current assets	3 (b)	**(13,950,711)**	(67,064,784)
Employee benefits expense	3 (c)	**(2,184,228)**	(1,669,190)
Depreciation expense	3 (b)	**(192,546)**	(164,311)
Finance costs		**(4,444)**	(6,005)
Other expenses	3 (d)	**(2,200,903)**	(1,296,941)
(Loss) before income tax expense		**(16,310,998)**	(69,584,025)
Income tax expense	4	**(299,525)**	(132,123)
(Loss) for the year		**(16,610,523)**	(69,716,148)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(1,250)**	113,149
Other comprehensive income for the period (net of tax)		**(1,250)**	113,149
Total comprehensive income for the year		**(16,611,773)**	(69,602,999)
(Loss) attributable to:			
Owners of the Company		**(16,610,216)**	(69,716,148)
Non-controlling interests		**(307)**	-
		(16,610,523)	(69,716,148)
Total comprehensive (loss) attributable to :			
Owners of the Company		**(16,611,466)**	(69,602,999)
Non-controlling interests		**(307)**	-
		(16,611,773)	(69,602,999)
Earnings per share		**Cents**	**Cents**
From continuing operations:			
Basic earnings per share	5	**(2.01)**	(13.09)
Diluted earnings per share	5	**(2.01)**	(13.09)

The accompanying notes form part of the financial statements.

Consolidated STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Note	Consolidated 2010 $	2009 $
CURRENT ASSETS			
Cash and bank balances	6	**54,511,443**	8,943,650
Trade and other receivables	7	**495,892**	211,683
Other current assets	8	**1,264,330**	62,290
TOTAL CURRENT ASSETS		**56,271,665**	9,217,623
NON-CURRENT ASSETS			
Property, plant and equipment	9	**1,137,744**	486,277
Exploration and evaluation assets	10	**64,535,810**	67,114,412
TOTAL NON-CURRENT ASSETS		**65,673,554**	67,600,688
TOTAL ASSETS		**121,945,218**	76,818,311
CURRENT LIABILITIES			
Trade and other payables	12	**1,493,413**	703,643
Borrowings	13	**38,437**	36,635
Short-term provisions	14	**186,421**	119,893
TOTAL CURRENT LIABILITIES		**1,718,271**	860,172
NON-CURRENT LIABILITIES			
Borrowings	13	**-**	24,532
Long-term provisions	14	**65,958**	29,864
TOTAL NON-CURRENT LIABILITIES		**65,958**	54,396
TOTAL LIABILITIES		**1,784,229**	914,567
NET ASSETS		**120,160,990**	75,903,743
EQUITY			
Issued Capital	15	**211,564,891**	151,471,044
Reserves	16	**2,056,085**	1,282,162
Accumulated Losses		**(93,459,679)**	(76,849,463)
Equity attributable to owners of the Company		**120,161,297**	75,903,743
Non-controlling interests		**(307)**	-
TOTAL EQUITY		**120,160,990**	75,903,743

The accompanying notes form part of the financial statements.

Consolidated STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2010

	Note	Issued capital $	Employee share option reserve $	Foreign currency translation reserve $	Accumulated losses $	Attributable to owners of the parent $	Non-controlling interests $	Total $
Balance at 1 July 2008		**139,561,876**	**823,595**	**-**	**(7,133,315)**	**133,252,156**	**-**	**133,252,156**
Profit or (loss) for the year				-	(69,716,148)	(69,716,148)	-	(69,716,148)
Other comprehensive income for the year			113,149	-	113,149	-	113,149	
Total comprehensive income for the year				113,149	(69,716,148)	(69,602,999)	-	(69,602,999)
Rights Issue		12,217,455	-	-	-	12,217,455	-	12,217,455
Costs of rights issue (net of tax)		(308,287)	-	-	-	(308,287)	-	(308,287)
Cost of share based payment		-	345,418	-	-	345,418	-	345,418
(Loss) attributable to members of the Company		-	-	-	-	-	-	-
Balance at 30 June 2009		**151,471,044**	**1,169,013**	**113,149**	**(76,849,463)**	**75,903,743**	**-**	**75,903,743**
Profit or (loss) for the year				-	(16,610,216)	(16,610,216)	(307)	(16,610,523)
Other comprehensive income (loss) for the year			(1,250)	-	(1,250)	-	(1,250)	
Total comprehensive income for the year				(1,250)	(16,610,216)	(16,611,466)	(307)	(16,611,773)
Capital raising - Share Placement	*15*	39,930,070	-	-	-	39,930,070	-	39,930,070
Capital raising - Share Purchase Plan	*15*	20,696,608	-	-	-	20,696,608	-	20,696,608
Costs of capital raisings (net of tax)	*15*	(1,532,831)	-	-	-	(1,532,831)	-	(1,532,831)
Share Issue - Liberty Resources	*15*	1,000,000	-	-	-	1,000,000	-	1,000,000
Recognition of share based payments		-	775,174	-	-	775,174	-	775,174
Balance at 30 June 2010		**211,564,891**	**1,944,187**	**111,899**	**(93,459,679)**	**120,161,298**	**(307)**	**120,160,990**

The accompanying notes form part of the financial statements.

Consolidated STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(3,560,467)**	(2,744,569)
Finance costs		**(4,444)**	(6,005)
Interest received		**1,030,274**	997,451
NET CASH (USED IN) OPERATING ACTIVITIES	6	**(2,534,637)**	(1,753,123)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(902,470)**	(49,152)
Payment of Stamp Duty (Nova Aquisition)		**-**	(7,997,990)
R&D tax concession refund		**334,854**	-
Payments for exploration activities		**(9,789,421)**	(6,418,954)
NET CASH PROVIDED (USED IN) / PROVIDED BY INVESTING ACTIVITIES		**(10,357,037)**	(14,466,096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**60,626,678**	12,217,455
Transaction costs of issue of shares		**(2,167,212)**	(440,410)
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		**58,459,466**	11,777,045
Net (decrease)/increase in cash and cash equivalents		**45,567,794**	(4,442,172)
Cash at the beginning of the financial year		**8,943,650**	13,385,822
CASH AT THE END OF THE FINANCIAL YEAR	6	**54,511,443**	8,943,650

The accompanying notes form part of the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report, which has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report includes the consolidated financial statements and notes of Toro and controlled entities ('The Group').

The financial report of Toro (the Company) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 15 September 2010. Toro is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

Basis of Preparation

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Statement of Compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Third Statement of Financial Position

Two comparative periods are presented for the statement of financial position when the Company:

i Applies an accounting policy retrospectively,

ii Makes a retrospective restatement of items in its financial statements, or

iii Reclassifies items in the financial statements.

We have determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Toro.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the Group. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments - AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segments goodwill

AASB 136: Impairment of Assets, paragraph 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the Group at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8. Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

a. Principles of Consolidation

A controlled entity is any entity the Toro has the power to control the financial and operating policies of the Group so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

The consolidated financial statements comprise the financial statements of Toro and its subsidiaries as at 30 June (the Group). A list of controlled entities is contained in note 19 to the financial statements. All controlled entities have a June financial year-end.

The financial statements of the subsidiaries are prepared for the same reporting period and using consistent accounting policies as those of the parent.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income.

b. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

All revenue is stated net of the amount of goods and services tax (GST).

Interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Sale of Goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Provision of services

Revenue relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

c. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank, cash in hand and short term deposits with an original maturity of one year or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

f. Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

g. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

h. Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

The parent entity and its Australian wholly-owned entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidation group for the purposes of the tax consolidation system is Toro.

Toro and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Toro recognises the entire tax-consolidated group's retained tax losses.

i. Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

j. Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line and diminishing value basis over the estimated useful life of the assets. The useful life of the assets for 2010 is as follows:

Plant and equipment – 2.5 – 20 years

Motor vehicles – 8 years

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their recent value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

k. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

m. Interest in Jointly Controlled Operation

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather that establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising the assets that is controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and the sale of goods or services by the jointly controlled operation.

n. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the statement of comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period, where this approximates the rate at the transaction date.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

o. Trade and Other Payables

Trade and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

p. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects the risks specific to the liability.

q. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national Government bonds with terms to maturity that match the expected timing of cash flows.

r. Share-based Payment Transactions

The Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

The company has established the Employee Share Option Plan which provides benefits to employees.

The cost of these equity-settled transactions with employees are measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model using the assumptions detailed in note 11.

The cost of equity-settled transactions is recognised as an expense in the Statement of Comprehensive Income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to share capital.

s. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t. Adoption of New and Revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

u. Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

v. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Exploration and evaluation

The group's policy for exploration and evaluation is discussed in note 11. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the Statement of Comprehensive Income.

w. Comparative Figures

When required by Accounting standards, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

x. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for Government related entities to disclose details of all transactions with the Government and other Government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013)

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
  a. the objective of the Group's business model for managing the financial assets; and
  b. the characteristics of the contractual cash flows.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(cont.)*

AASB 2009–8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010)

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the Group receiving the goods or services when the Group has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Company.

AASB 2009–9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010)

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Company.

AASB 2009–10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010)

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the Group offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a Government and entities known to be under the control of that Government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010)

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.

AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011)

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010)

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

2. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risk rewards approach, with the Group's 'system of internal financial reporting to 'key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

The Group's reportable segments under AASB 8 are as follows:

- Project Evaluation;
- Exploration;
- Corporate & Administration.

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

	Continuing Operations			Consolidated
	Evaluation $	Exploration $	Corporate & Admin $	Revenue & loss for the period $
30-Jun-09				
Segment Revenue	-	-	617,205	617,205
Segment Result before tax	(40,520)	(67,112,368)	(2,431,136)	(69,584,025)
Income Tax expense	-	-	(132,123)	(132,123)
Segment loss for the period	(40,520)	(67,112,368)	(2,563,259)	(69,716,148)
30-Jun-10				
Segment Revenue	-	-	2,221,833	2,221,833
Segment Result before tax	(54,608)	(14,010,119)	(2,246,272)	(16,310,998)
Income Tax expense	-	-	(299,525)	(299,525)
Segment loss for the period	(54,608)	(14,010,119)	(2,545,796)	(16,610,523)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

The following is an analysis of the Group's assets by reportable operating segment:

	Continuing Operations			Consolidated
	Evaluation $	Exploration $	Corporate & Admin $	Total Assets $
30-Jun-09	36,616,569	30,854,482	9,347,303	76,818,354
30-Jun-10	33,006,075	34,863,759	56,575,384	124,445,218

3. REVENUE AND EXPENSES

	Consolidated 2010 $	Consolidated 2009 $
(a) Other income		
Bank interest received or receivable	2,218,468	617,205
Net gain on disposal of equipment	3,364	-
	2,221,833	617,205
(b) Expenses		
Impairment of non-current assets		
Impairment of exploration expenditure*	13,950,711	67,064,784
Total impairment of non-current assets	13,950,711	67,064,784
Depreciation of non-current assets		
Plant and equipment	162,448	141,448
Motor vehicles	30,098	22,863
Total depreciation	192,546	164,311
Finance expenses		
Interest applicable to hire-purchase	4,444	6,005
Total borrowing costs	4,444	6,005
(c) Employees benefits expense		
Wages, salaries, directors fees and other remuneration expenses	2,914,482	2,205,435
Workers' compensation costs	68,279	73,673
Defined contribution plan expense	277,862	191,593
Payroll Tax	149,507	79,647
Transfer to annual leave provision	211,090	44,607
Transfer to long service leave provision	36,094	12,949
Share-based payments expense	775,173	345,418
Transfer to capitalised tenements	(2,248,259)	(1,284,132)
	2,184,228	1,669,190

* *Includes a $10,707,821 impairment of the Napperby project option.*

	Consolidated 2010 $	Consolidated 2009 $
(d) Other expenses from ordinary activities		
Listing costs expensed		
Promotion and advertising	191,338	82,431
Recruitment expenses	95,916	4,908
Travelling expenses	175,003	168,100
Securities exchange & share registry fees	281,116	123,745
Audit fees	28,500	29,854
Accounting & secretarial support	99,714	78,528
Conference expenses	75,956	69,542
Insurance costs	95,842	62,598
Consulting fees	279,195	130,347
Legal fees	237,766	127,400
Subscriptions	74,403	72,678
Rent & utility expenses	140,827	111,514
AGM, EGM & annual report expenses	132,555	62,512
Net loss on disposal of PPE	46,821	-
Other expenses	245,951	172,783
	2,200,903	1,296,941

4. INCOME TAX

	Consolidated 2010 $	2009 $
(a) The components of income tax expense comprise:		
Current tax	(299,525)	(132,123)
Deferred tax	-	-
Tax expense	(299,525)	(132,123)
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie income tax on loss from ordinary activities before income tax at 30% (2009:30%)	(4,893,299)	(20,875,208)
Immediate write off of capital expenditure	(3,113,549)	(1,795,582)
Expenditure not allowable for income tax purposes	4,577,861	20,281,699
R&D Tax Offset	(334,854)	-
Other deductible items	(1,202,030)	(776,257)
DTA not realised as recognition criteria not met	5,307,566	3,600,335
Reversal of temporary differences	(641,220)	(567,110)
Total income tax expense	(299,525)	(132,123)

	Consolidated 2010 $	2009 $
Unrecognised deferred tax assets		
Deferred Tax Asset (DTA) arising from carried forward tax losses and timing differences not recognised at reporting date as the asset is not regarded as meeting the probable criteria		
- timing differences at 30%	**641,220**	567,110
- tax losses at 30%	**4,666,346**	3,033,225
	5,307,566	3,600,335

The Group has deferred tax assets arising in Australia of $17,572,857 (2009: $12,906,511) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Tax consolidation

Toro and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 16 March 2006. Toro is the head entity of the tax consolidated group.

5. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated 2010 $	2009 $
Net loss attributable to ordinary equity holders of the Company	**(16,610,216)**	(69,716,148)
Weighted average number of ordinary shares for basic earnings per share	**825,393,283**	532,430,511

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2010.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

6. CASH AND CASH EQUIVALENTS

	Consolidated 2010 $	2009 $
Cash at bank and in hand	2,776,097	61,332
Short-term deposits	51,735,346	8,882,318
	54,511,443	8,943,650

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

6. CASH AND CASH EQUIVALENTS (cont.)

	Consolidated 2010 $	2009 $
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	**(16,610,523)**	(69,716,148)
Adjustments for non-cash items:		
Depreciation	**192,546**	164,311
Impairment of non-current assets	**13,950,711**	67,064,784
Net (Gain)/loss on disposal property plant and equipment and subsidiary	**(43,456)**	-
Tax expenses recognised in profit & loss	**299,525**	132,123
Investment expenses recognised in profit & loss	**84,415**	-
Share based payments	**775,173**	345,418
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	**(269,208)**	(25,086)
(Increase)/Decrease in accrued interest	**(1,188,194)**	380,246
(Increase)/Decrease in prepayments	**(13,846)**	8,654
(Decrease)/Increase in trade and other payables	**208,330**	(138,298)
(Decrease)/Increase in employee provisions	**106,139**	48,630
(Decrease)/Increase in general provisions	**(26,247)**	(17,755)
Net cash (outflow) from operating activities	**(2,534,637)**	(1,753,123)

7. TRADE AND OTHER RECEIVABLES

	Consolidated 2010 $	2009 $
Trade and Other Receivables (Current)		
Sundry receivables (i)	**61,084**	33,889
Goods and services tax receivable	**434,808**	177,793
	495,892	211,682

(i) Sundry receivables are non-interest bearing and generally have 30-90 day payment terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2010 the consolidated entity did not have any trade receivables which were outside normal trading terms (past due but not impaired).

Information regarding the credit risk of current receivables is set out in note 22.

8. OTHER CURRENT ASSETS

	Consolidated 2010 $	2009 $
Other Current Assest		
Prepayments	**49,625**	35,779
Accrued income	**1,214,705**	26,511
	1,264,330	62,290

9. PROPERTY PLANT & EQUIPMENT

	Consolidated		
	Plant & equipment $	Motor Vehicles $	Total $
30 June 2010			
At Cost			
1 July - opening	779,903	151,093	930,996
Additions	613,527	288,942	902,469
Disposals	(109,060)	-	(109,060)
30 June - closing	1,284,370	440,035	1,724,404
Accumulated Depreciation			
1 July - opening	(392,820)	(51,898)	(444,718)
Disposals	50,602	-	50,602
Depreciation expense	(162,448)	(30,098)	(192,546)
30 June - closing	(504,665)	(81,996)	(586,662)
Property Plant & Equipment			
At Cost	1,284,370	440,035	1,724,405
Accumulated depreciation	(504,665)	(81,996)	(586,661)
Net carrying amount	779,705	358,039	1,137,744

	Consolidated		
	Plant & equipment $	Motor Vehicles $	Total $
30 June 2009			
At Cost			
1 July - opening	730,350	151,093	881,443
Additions	49,553	-	49,553
30 June - closing	779,903	151,093	930,996
Accumulated Depreciation			
1 July - opening	(251,372)	(29,035)	(280,407)
Depreciation expense	(141,448)	(22,863)	(164,311)
30 June - closing	(392,820)	(51,898)	(444,718)
Property Plant & Equipment			
At Cost	779,903	151,093	930,996
Accumulated depreciation	(392,820)	(51,898)	(444,718)
Net carrying amount	387,083	99,195	486,278

10. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2010 $	2009 $
Balance at beginning of financial year	**67,114,412**	128,193,923
Expenditure during the year	**10,372,110**	5,985,273
Acquisition through share issue	**1,000,000**	-
Impairment of exploration expenditure	**(13,950,711)**	(67,064,784)
Toro carrying value at acquisition date	**-**	-
Fair value assigned on merger	**-**	-
	64,535,810	67,114,412

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

11. SHARE-BASED PAYMENTS

Employee Share Option Plan

The Company has established the Toro Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue subject to any vesting or escrow conditions applicable. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

The expense recognised in the income statement in relation to share-based payments is disclosed in note 3(c).

11. SHARE-BASED PAYMENTS *(cont.)*

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at the beginning of the year	**15,235,000**	**0.52**	9,720,000	0.50
Granted during the year	**6,555,000**	**0.22**	5,515,000	0.56
Cancelled during the year	**(100,000)**	**0.61**	-	-
Outstanding at the end of the year	**21,690,000**	**0.43**	15,235,000	0.52
Exercisable at the end of the year	**20,675,000**	**0.43**	12,720,000	0.55

The outstanding balance as at 30 June 2010 is represented by:

- A total of 4,000,000 options exercisable from escrow release date on 23 March 2008 until 23 March 2011 with a strike price of $0.40.
- A total of 2,000,000 options exercisable from escrow release date on 23 March 2008 until 31 March 2011 with a strike price of $0.35.
- A total of 1,000,000 options exercisable from escrow release date on 23 March 2008 until 31 March 2012 with a strike price of $0.45.
- A total of 440,000 options, vesting 10 December 2007 and exercisable until 11 December 2011 with a strike price of $0.88.
- A total of 500,000 options, vesting 27 September 2007 and exercisable until 26 September 2011 with a strike price of $0.65.
- A total of 20,000 options, vesting 18 February 2008 and exercisable until 19 February 2012 with a strike price of $1.21.
- A total of 200,000 options, vesting 18 March 2008 and exercisable until 18 March 2012 with a strike price of $1.15.
- A total of 100,000 options, vesting 10 April 2008 and exercisable until 9 April 2012 with a strike price of $1.21.
- A total of 100,000 options, vesting 4 July 2012 and exercisable until 3 July 2012 with an exercise price of $1.21.
- A total of 500,000 options, vesting 19 November 2008 and exercisable until 18 November 2012 with a strike price of $0.734.
- A total of 860,000 options, vesting 14 December 2008 and exercisable until 13 December 2012 with a strike price of $0.61.
- A total of 3,000,000 options, vesting 1 December 2008 and exercisable until 19 November 2012 with a strike price of $0.73.
- A total of 425,000 options, vesting 7 August 2009 and exercisable until 6 August 2013 with a strike price of $0.55.
- A total of 425,000 options, vesting 7 August 2010 and exercisable until 6 August 2013 with a strike price of $0.55.
- A total of 1,665,000 options, vesting 18 December 2009 and exercisable until 17 December 2013 with a strike price of $0.25.
- A total of 1,000,000 options, vesting 20 March 2010 and exercisable until 19 March 2014 with a strike price of $0.25.
- A total of 4,965,000 options, vesting 3 February 2010 and exercisable until 2 February 2015 with a strike price of $0.22.
- A total of 590,000 options, vesting 3 February 2011 and exercisable until 2 February 2015 with a strike price of $0.22.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.59 years (2009: 1.78 years). The range of exercise prices for options outstanding at the end of the year was $0.22 - $1.15 (2009: $0.25 - $1.15). The weighted average fair value of options granted during the year was $0.08 (2009: $0.07).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the weighted average of inputs to the model used for the years ended 30 June 2009 and 30 June 2010:

	2010	2009
Volatility (%)	112.12%	83.50%
Risk-free interest rate (%)	5.10%	5.37%
Expected life of option (years)	5.00	5.00

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

In addition to tenements E53/1181 and E53/1221 were purchased during the period via a share based payment of 5,000,000 shares at an issue price of $0.20 for a total value of $1,000,000.

12. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated 2010 $	2009 $
Trade payables (i)	**820,351**	428,508
Other payables (ii)	**160,145**	80,079
Accrued Expenses	**512,917**	195,057
	1,493,413	703,643

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(ii) Other payables are non-interest bearing and are normally settled within 30 – 90 days.

Information regarding the credit risk of current payables is set out in note 20.

Included in trade payables are the amounts of $803 payable to Minotaur Operations Pty Ltd, a wholly-owed subsidiary of Minotaur Exploration Ltd and $2,382 payable to Minotaur Exploration Ltd. Mr Derek Carter is the Chairman of Minotaur Exploration Ltd ("Minotaur"). Information regarding transactions between Minotaur and the Toro Group are set out in note 21.

13. BORROWINGS

	Consolidated 2010 $	2009 $
Current		
Lease Liabilities	**38,437**	36,635
	38,437	36,635
Non-current		
Lease Liabilities	**-**	24,532
	-	24,532

14. PROVISIONS

	Consolidated 2010 $	2009 $
Short-term provisions		
Annual leave provision:		
Opening Balance	**119,893**	76,427
Movement during year	**66,528**	43,466
Closing Balance 30 June	**186,421**	119,893
Long-term provisions		
Long Service Leave:		
Opening Balance	**29,864**	16,915
Movement during year	**36,094**	12,949
Closing Balance 30 June	**65,958**	29,864

15. ISSUED CAPITAL

	Consolidated 2010 $	2009 $
Ordinary Shares	**211,564,891**	151,471,044
	211,564,891	151,471,044

	Consolidated 2010 Number*	$
Ordinary shares		
Balance at beginning of financial year	62,610,410	151,471,044
Share Placement for cash		
- 23 Sep 2009 83,363,669 @ 15c	-	12,504,550
Share Placement for cash		
- 2 Nov 2009 182,836,797 @ 15c	-	27,425,520
Share placement for Firestrike tenement purchase		
- 19 Nov 2009 5,000,000 @ 20c	-	1,000,000
Share Purchase Plan		
- 24 Nov 2009 137,978,415 @ 15c	-	20,696,608
Costs of capital raising (net of tax)	-	(1,532,831)
Balance at end of year	62,610,410	211,564,891

15. ISSUED CAPITAL *(cont.)*

	Company 2010 Number	$
Balance at beginning of financial year	555,757,795	291,251,219
Share Placement for cash		
- 23 Sep 2009 83,363,669 @ 15c	83,363,669	12,504,550
Share Placement for cash		
- 2 Nov 2009 182,836,797 @ 15c	182,836,797	27,425,520
Share placement for Liberty tenement purchases		
- 19 Nov 2009 5,000,000 @ 20c	5,000,000	1,000,000
Share Purchase Plan - 24 Nov 2009		
137,978,415 @ 15c	137,978,415	20,696,608
Costs of capital raising (net of tax)	-	(1,532,831)
Balance at end of year	964,936,676	351,345,066

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

* *Under AASB 3 the acquisition of Nova Energy in 2007 was deemed a 'reverse acquisition' and Toro's legal subsidiary Nova Energy is considered the parent for accounting consolidation purposes. As shares in Nova Energy are not listed or publically traded the consolidated view does not detail the volume of shares relative to each transaction. The legal parent entity Toro has been included under the 'Company' view, to provide details of the volume of shares relative to each transaction.*

16. RESERVES

	Consolidated 2010 $	2009 $
Reserves		
Share Option Reserve	**1,944,186**	1,169,013
Foreign Currency Translation reserve	**111,899**	113,149
	2,056,085	1,282,162

Nature and purpose of reserves

Share-option Reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 11.

Foreign Currency Translation Reserve

This foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary. Refer to note 19.

17. COMMITMENTS

	Consolidated 2010 $	2009 $
Operating leases		
Not longer than 1 year	**140,877**	144,972
Longer than 1 year and not longer than 5 years	**51,220**	30,183
	192,097	175,155
Hire purchase commitments		
Not longer than 1 year	**39,363**	39,319
Longer than 1 year and not longer than 5 years	**-**	24,693
	39,363	64,012
Less: future finance charges	**(926)**	(2,845)
	38,437	61,167

Terms of lease arrangements

The Group has an operating lease in place for its principal place of business which expires within one year. A three year renewal option is available with rental to be agreed at current market rates. At 30 June 2010 the Group had two vehicles on Hire Purchase expiring in July 2010 and June 2011 and three property leases expiring July 2010, January 2011, and May 2012.

Exploration leases

As at 30 June 2010 the Toro Group held Exploration Licences over 85 tenements. The rental, rates and statutory expenditure commitments required for these tenements are $4,457,783 within one year and $24,653,058 between two and five years.

It is noted that the Group has negotiated an agreement in principle with Minerals and Metals Group (MMG) for the purchase of tenements, pastoral leases and two houses for the consideration of $2,500,000. The agreement is subject to completion of formal legal documentation and certain statutory and third party approvals.

18. AUDITORS REMUNERATION

	Consolidated 2010 $	2009 $
Audit or review of the financial report	**28,500**	29,854
	28,500	29,854

19. CONTROLLED ENTITIES

Name of company	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
Parent entity			
Toro Energy Limited (i)	Australia		
Subsidiaries			
Minotaur Uranium Pty Ltd (ii)	Australia	**100**	100
Oxiana Energy Pty Ltd (ii)	Australia	**100**	100
Nova Energy Pty Ltd (ii)	Australia	**100**	100
Nova Energy (Africa) Pty Ltd (ii)	Australia	**100**	100
Nova Energy (Namibia) Pty Ltd (ii)	Namibia	**90**	100

(i) Toro is the head entity within the tax-consolidated group.

(ii) These companies are members of the tax-consolidated group.

20. FINANCIAL RISK MANAGEMENT

Financial risk management policies

The Board of Directors are responsible for monitoring and managing financial risk exposures of the Group.

The main risks the Group are exposed to involve credit risk, capital risk, liquidity risk and interest rate risk.

Categories of financial instruments

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated 2010 $	Consolidated 2009 $
FINANCIAL ASSETS		
Cash and cash equivalents	**54,511,443**	8,943,650
Trade and other receivables	**495,892**	211,683
FINANCIAL LIABILITIES		
Trade and other payables	**980,496**	508,587
Obligations under hire purchase	**38,437**	61,167

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in note 15 and the statement of changes in equity.

Proceeds from share issues are used to maintain and expand the Group's exploration activities and fund operating costs.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net profit would increase or decrease by $208,919 (2009: $55,823) which is attributable to the Group's exposure to interest rates on its variable bank deposits.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and investing surplus cash only in major financial institutions.

20. FINANCIAL RISK MANAGEMENT *(cont.)*

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

CONSOLIDATED

	< 1year $	> 1 - < 5 years $	Non-interest bearing $	Total $
Year ended 30 June 2010				
FINANCIAL LIABILITIES				
Fixed rate	38,437	-	980,496	1,018,933
Weighted average effective interest rate	9.83%	-		
Year ended 30 June 2009				
FINANCIAL LIABILITIES				
Fixed rate	36,635	24,532	508,587	569,754
Weighted average effective interest rate	7.91%	7.91%		

The following table details the Company's and the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	CONSOLIDATED			
	< 1year $	> 1 - < 5 years $	Non-interest bearing $	Total $
Year ended 30 June 2010				
FINANCIAL ASSETS				
Fixed rate	51,735,346	-	495,892	52,231,238
Weighted average effective interest rate	5.86%			
Floating rate				
Cash assets	2,776,097	-	-	2,776,097
Weighted average effective interest rate	4.50%			
Year ended 30 June 2009				
FINANCIAL ASSETS				
Fixed rate	8,882,318	-	211,683	9,094,001
Weighted average effective interest rate	3.60%			
Floating rate				
Cash assets	61,332	-	-	61,332
Weighted average effective interest rate	0.50%			

21. RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION

Details of key management personnel's remuneration can be found under remuneration in the directors' report. This information is marked as audited.

a) Subsidiaries

Loans

At 30 June 2009 the Group consisted of Toro and its controlled entities Nova Energy Ltd, Nova Energy Africa Pty Ltd, Nova Energy (Namibia) Pty Ltd, Minotaur Uranium Pty Ltd and Oxiana Energy Pty Ltd. Ownership interests in these controlled entities are set out in note 21. Transactions between Toro and other entities in the Group during the year consisted of loans advanced by Toro to fund exploration and investment activities. The closing value of all loan amounts to wholly owned members of the group is contained within the balance sheet under non-current assets at note 22.

b) Other Related Party Transactions

Throughout the year ended 30 June 2010 Minotaur Exploration Ltd, of which Mr Derek Carter is a director, provided the Toro Group with access to exploration personnel. In exchange for these services, Minotaur Exploration Ltd received income in the form of service charges. In addition to these services charges, Minotaur Operations Pty Ltd (a wholly-owned subsidiary of Minotaur Exploration Ltd) paid for joint costs on behalf of the Toro Group and has sought reimbursement of these costs from the Toro Group. All transactions were conducted on commercial terms and were arms length transactions. The combined total paid or to be paid to Minotaur Operations Pty Ltd and Minotaur Exploration Ltd through the period ended 30 June 2010 was $32,742 (30 June 2009: $26,303).

Toro rented accommodation premises from a direct relative of Mr Derek Carter. The total sum paid to the direct relative of Mr Derek Carter through the period ended 30 June 2010 was $23,329 (2009: $21,980). This transaction was conducted on commercial terms and at arms length.

HLB Mann Judd (SA) Pty Ltd ("HLB") has received professional fees for accounting, taxation and secretarial services provided during the year. Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd. A total of $90,877 has been paid or is to be paid to HLB Mann Judd (SA) Pty Ltd for services rendered in 2010 (2009: $125,323).

Toro leased office premises from Citadel Resources Group Ltd of which Jeff Sells was the Chief Financial Officer during the reporting period. The total sum paid to Citadel Resources Ltd through the period ended 30 June 2010 was $95,001 (2009: $0). This transaction was conducted on commercial terms and at arms length.

c) Options Issued as Part of Remuneration

30 June 2010	Grant Number	Grant Date	Value per option at grant date ($)	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	% of Remuneration
Directors								
Greg Hall	1,000,000	09/11/09	0.13	0.25	19/03/14	20/03/10	19/03/14	26%
Executives								
Simon Mitchell	1,000,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	32%
Mark McGeough	500,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	18%
Dayle Kenny	1,000,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	29%
Todd Alder	350,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	19%
Donald Stephens	300,000	03/02/10	0.11	0.22	02/02/15	03/02/10	02/02/15	100%

Note: None of the above options granted to key management personnel have attached performance conditions in accordance with the current remuneration policy of the company.

21. RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION *(cont.)*

d) Option holdings of key management personnel

30 June 2010	Balance at beginning of period	Granted as Remuneration	Options Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
Greg Hall	2,000,000	-	-	-	2,000,000	31/03/11	01/07/06	31/03/11
Greg Hall	1,000,000	-	-	-	1,000,000	31/03/12	01/04/07	31/03/12
Greg Hall	-	1,000,000	-	-	1,000,000	19/03/14	09/11/09	19/03/14
Derek Carter	1,000,000	-	-	-	1,000,000	23/03/11	24/03/06	23/03/11
Erica Smyth	1,000,000	-	-	-	1,000,000	19/11/12	01/12/08	19/11/12
Peter Lester	1,000,000	-	-	-	1,000,000	19/11/12	01/12/08	19/11/12
Jeff Sells	1,000,000	-	-	-	1,000,000	19/11/12	01/12/08	19/11/12
Executives								
Simon Mitchell	500,000	-	-	-	500,000	31/03/12	01/04/07	31/03/12
Simon Mitchell	250,000	-	-	-	250,000	13/12/12	14/12/07	13/12/12
Simon Mitchell	250,000	-	-	-	250,000	17/12/13	18/12/09	17/12/13
Simon Mitchell	-	1,000,000	-	-	1,000,000	02/02/15	03/02/10	02/02/15
Donald Stephens	200,000	-	-	-	200,000	23/03/11	24/03/06	23/03/11
Donald Stephens	100,000	-	-	-	100,000	13/12/12	14/12/07	13/12/12
Donald Stephens	150,000	-	-	-	150,000	17/12/13	18/12/09	17/12/13
Donald Stephens	-	300,000	-	-	300,000	02/02/15	03/02/10	02/02/15
Dayle Kenny	500,000	-	-	-	500,000	18/11/12	19/11/07	18/11/12
Dayle Kenny	250,000	-	-	-	250,000	17/12/13	18/12/09	17/12/13
Dayle Kenny	-	1,000,000	-	-	1,000,000	02/02/15	03/02/10	02/02/15
Mark McGeough	250,000	-	-	-	250,000	06/08/13	07/08/09	06/08/13
Mark McGeough	250,000	-	-	-	250,000	06/08/13	07/08/10	06/08/13
Mark McGeough	250,000	-	-	-	250,000	17/12/13	18/12/09	17/12/13
Mark McGeough	-	500,000	-	-	500,000	02/02/15	03/02/10	02/02/15
Todd Alder	175,000	-	-	-	175,000	06/08/13	07/08/09	06/08/13
Todd Alder	175,000	-	-	-	175,000	06/08/13	07/08/10	06/08/13
Todd Alder	175,000	-	-	-	175,000	17/12/13	18/12/09	17/12/13
Todd Alder	-	350,000	-	-	350,000	02/02/15	03/02/10	02/02/15
	10,475,000	4,150,000	-	-	14,625,000			

e) Shareholdings of key management personnel

30 June 2010	Balance at 1 July 2009	On Exercise of Options	Net Change Other	Balance at 30 June 2010
Directors				
Ms Erica Smyth	98,884	-	33,333	132,217
Mr Greg Hall	95,000	-	33,333	128,333
Derek Carter	80,000	-	33,333	113,333
Jeff Sells	16,000	-	-	16,000
	289,884	-	99,999	389,883
Executives				
Donald Stephens	35,000	-	-	35,000
Simon Mitchell	50,000	-	(50,000)	-
Mark McGeough	5,053	-	33,333	38,386
Dayle Kenny	100,000	-	33,333	133,333
	190,053	-	16,666	206,719

Mr Carter is a director of Minotaur Exploration Ltd. Minotaur Exploration Ltd is the beneficial owner of 2,751,000 (0.29%) ordinary shares in the issued capital of Toro.

30 June 2009	Balance at 1 July 2008	On Exercise of Options	Net Change Other	Balance at 30 June 2009
Directors				
Erica Smyth	53,037	-	45,847	98,884
Mr Greg Hall	-	-	95,000	95,000
Derek Carter	80,000	-	-	80,000
Jeff Sells	16,000	-	-	16,000
	149,037	-	140,847	289,884
Executives				
Donald Stephens	35,000	-	-	35,000
Simon Mitchell	-	-	50,000	50,000
Mark McGeough	-	-	5,053	5,053
Dayle Kenny	-	-	100,000	100,000
	35,000	-	155,053	190,053

22. PARENT ENTITY INFORMATION

Financial statements and notes of the parent entity, Toro, are provided below;

	Consolidated 2010 $	2009 $
Financial position		
Current assets	**56,270,887**	9,216,058
Total assets	**121,032,787**	84,467,711
Current liabilities	**1,718,271**	714,025
Total liabilities	**871,798**	8,563,968
Shareholders equity		
Issued capital	**351,345,064**	291,251,219
Reserves	**1,809,039**	1,033,866
Accumulated losses	**(232,993,115)**	(216,381,342)
Total equity	**120,160,989**	75,903,743
Financial performance		
Loss for the year	**(18,833,606)**	(69,607,558)
Other comprehensive income/(loss)	**-**	-
Total comprehensive loss	**(18,833,606)**	(69,607,558)

* *Included in the loss for the year is an impairment expense of $3,659,931 to reduce the book value of the investments in subsidiaries. Whilst this impairment is required under Australian Accounting Standards (AASB 136), it does not impact the consolidated results of the Group and does not reflect any change in the underlying value of the Groups exploration and development assets.*

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no guarantees entered into by the parent entity

Contingent liabilities of the parent entity

As at 30 June 2010 the legal Parent Entity, Toro Energy Limited held exploration Licences over 18 tenements. The rental rates and statutory expenditure commitments required for these tenements are $918,729 within one year and $6,561,526 between two and five years.

Commitments for the acquisition of property, plant and equipment by the parent entity

	Consolidated 2010 $	2009 $
Commitments for expenditure		
Operating leases		
Not longer than 1 year	**140,877**	144,972
Longer than 1 year and not longer than 5 years	**51,220**	30,183
	192,097	175,155
Hire purchase commitments		
Not longer than 1 year	**39,363**	39,319
Longer than 1 year and not longer than 5 years	**-**	24,693
	39,363	64,012
Less: future finance charges	**(926)**	(2,845)
	38,437	61,167

23. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Toro Energy Limited, I state that:

1. In the opinion of the directors:
   a. the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the period ended on that date; and
      ii. complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b. complies with International Financial Reporting Standards as disclosed in note 1.
   c. there are reasonable grounds to believe that Toro will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made persuant to section 295(5) of the *Corporations Act 2001*.

Mr Greg Hall
Managing Director

Signed this 15th day of September 2010

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TORO ENERGY LIMITED

Report on the financial report

We have audited the accompanying financial report of Toro Energy Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TORO ENERGY LIMITED Cont

Auditor's responsibility Cont

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion,

a the financial report of Toro Energy Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of it's performance for the year ended on that date;

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the Remuneration Report included in the directors report form pages 38 to 40 for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TORO ENERGY LIMITED Cont

Auditor's opinion on the remuneration report

In our opinion, the Remuneration Report of Toro Energy Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Adelaide, 15 September 2010

TENEMENT STATUS *as at 30 June 2010*

Locality	Tenement	Tenement Name	Project	Status	Area Km^2	Holder
AMADEUS						
NT	EL25045	EL25045	Amadeus	Application	1491	Nova Energy Pty Limited
NT	EL25046	EL25046	Amadeus	Application	773	Nova Energy Pty Limited
NT	EL25048	EL25048	Amadeus	Application	1459	Nova Energy Pty Limited
NT	EL25787	EL25787	Amadeus	Application	3	Toro Energy Limited
NT	EL26550	Iwupataka	Amadeus	Application	303	Toro Energy Limited
NT	EL27182	Palm Valley	Amadeus	Application	459	Toro Energy Limited
NT	EL25047	Waterhouse	Amadeus	Granted	746	Nova Energy Pty Limited
NT	EL25049	Amadeus West	Amadeus	Granted	92	Nova Energy Pty Limited
NT	EL27183	Caldwell	Amadeus	Granted	264	Toro Energy Limited
KINTORE						
NT	EL27573	Rennie	Kintore	Application	1313.9	Toro Energy Limited
MCARTHUR						
NT	EL26861	Coast Range	McArthur	Application	14	Toro Energy Limited
NT	EL27588	Kukulak	McArthur	Application	232	Toro Energy Limited
NT	EL28054	Benmara	McArthur	Application	147	Toro Energy Limited
NT	EL27429	Karns	McArthur	Granted	497	Toro Energy Limited
NGALIA						
NT	EL27574	Newhaven	Ngalia	Application	477	Toro Energy Limited
NT	EL27900	Lake Lewis	Ngalia	Application	626	Toro Energy Limited
NT	EL27970	Bloodwood Bore	Ngalia	Application	620	Toro Energy Limited
NT	EL27152	Corroboree Bore	Ngalia	Granted	125	Toro Energy Limited
REYNOLDS RANGE						
NT	EL26279	Giles	Reynolds Range	Application	769	Toro Energy Limited
NT	EL26532	Highland Rocks	Reynolds Range	Application	134	Toro Energy Limited
NT	EL26740	Mount Barkly	Reynolds Range	Application	1372	Toro Energy Limited
NT	EL26987	Wini Hills	Reynolds Range	Application	824	Toro Energy Limited
NT	EL27301	Viscount Bore	Reynolds Range	Application	728	Toro Energy Limited
NT	EL27532	Arthur Hills	Reynolds Range	Application	554	Toro Energy Limited
NT	EL27533	Karadi Hill	Reynolds Range	Application	1039	Toro Energy Limited
NT	EL27534	Smokey Bore	Reynolds Range	Application	466	Toro Energy Limited
NT	EL27535	Fotheringham	Reynolds Range	Application	933	Toro Energy Limited
NT	EL27876	Englands Well	Reynolds Range	Application	383	Toro Energy Limited
NT	EL28093	Nanga Range	Reynolds Range	Application	169	Toro Energy Limited
NT	EL26287	Mount Denison	Reynolds Range	Granted	774	Toro Energy Limited
NT	EL26478	Western Creek	Reynolds Range	Granted	526	Toro Energy Limited
NT	EL26704	Ingellina Gap	Reynolds Range	Granted	943	Toro Energy Limited
NT	EL26848	Walabanba	Reynolds Range	Granted	573	Toro Energy Limited
NT	EL27115	Anningie	Reynolds Range	Granted	1071	Toro Energy Limited
SANDOVER						
NT	EL26600	Ledan	Sandover	Application	226	Toro Energy Limited
NT	EL26542	Sandover	Sandover	Granted	269	Toro Energy Limited
NT	EL26545	Derry Downs	Sandover	Granted	485	Toro Energy Limited
NT	EL26827	Red Rock	Sandover	Granted	105	Toro Energy Limited
NT	EL27052	McDonald Downs	Sandover	Granted	232	Toro Energy Limited
NT	EL27531	Johnos Bore	Sandover	Granted	256	Toro Energy Limited
TANAMI						
NT	EL26270	Granite Dome	Tanami	Application	260	Toro Energy Limited
NT	EL26271	Browns Range North	Tanami	Application	488	Toro Energy Limited
NT	EL26286	Browns Range	Tanami	Application	195	Toro Energy Limited
NT	EL26601	Tanami West	Tanami	Application	80	Toro Energy Limited
NT	EL26634	Tanami	Tanami	Application	42	Toro Energy Limited
NT	EL26635	Farrands Hills	Tanami	Application	139	Toro Energy Limited
NT	EL26636	Tanami Flat	Tanami	Application	65	Toro Energy Limited
NT	EL27000	Mana Range	Tanami	Application	58	Toro Energy Limited
NT	EL27001	Ware Range	Tanami	Application	208	Toro Energy Limited

Locality	Tenement	Tenement Name	Project	Status	Area Km²	Holder
TANAMI *(cont.)*						
NT	EL27119	Bluebush	Tanami	Application	170	Toro Energy Limited
NT	EL27589	The Granites	Tanami	Application	355	Toro Energy Limited
NT	EL27590	Pargee	Tanami	Application	55	Toro Energy Limited
NT	EL28040	Limbunya	Tanami	Application	249	Toro Energy Limited
NT	EL28042	Inverway	Tanami	Application	998	Toro Energy Limited
WISO						
NT	EL26988	Windajong	Wiso	Application	411	Toro Energy Limited
NT	EL27123	Jarra Jarra	Wiso	Application	1581	Toro Energy Limited
NT	EL27138	Cooloola	Wiso	Granted	1525	Toro Energy Limited
BIRRINDUDU						
WA	E80/3553	Minularum Soak	Birrindudu	Granted	104	Cameco Australia Pty Ltd
WA	E80/3554	Gordon Downs	Birrindudu	Granted	130	Cameco Australia Pty Ltd
WA	E80/3555	Mt Weekes	Birrindudu	Granted	227	Cameco Australia Pty Ltd
WA	E80/3556	Tanami Desert	Birrindudu	Granted	211	Cameco Australia Pty Ltd
WA	E80/3557	Mt Mansbridge	Birrindudu	Granted	208	Cameco Australia Pty Ltd
WA	E80/3558	Tanami Desert	Birrindudu	Granted	205	Cameco Australia Pty Ltd
WA	E80/3559	Banana Springs	Birrindudu	Granted	214	Cameco Australia Pty Ltd
WA	E80/3560	Mt Brophy Spring	Birrindudu	Granted	201	Cameco Australia Pty Ltd
WA	E80/3561	Gardiner Range	Birrindudu	Granted	81	Cameco Australia Pty Ltd
LAKE MACKAY						
WA	E80/3483	E 8003483	Lake Mackay	Granted	41	Nova Energy Pty Ltd
WA	E80/3484	E 8003484	Lake Mackay	Granted	219	Nova Energy Pty Ltd
WA	E80/3485	E 8003485	Lake Mackay	Granted	219	Nova Energy Pty Ltd
WA	E80/3486	E 8003486	Lake Mackay	Granted	219	Nova Energy Pty Ltd
WA	E80/3519	E 8003519	Lake Mackay	Granted	222	Nova Energy Pty Ltd
WA	E80/3580	E 8003580	Lake Mackay	Granted	218	Nova Energy Pty Ltd
WA	E80/3581	E 8003581	Lake Mackay	Granted	222	Nova Energy Pty Ltd
WA	E80/3582	E 8003582	Lake Mackay	Granted	199	Nova Energy Pty Ltd
WA	E80/3583	E 8003583	Lake Mackay	Granted	142	Nova Energy Pty Ltd
WA	E80/3584	E 8003584	Lake Mackay	Granted	215	Nova Energy Pty Ltd
WA	E80/3585	E 8003585	Lake Mackay	Granted	215	Nova Energy Pty Ltd
WA	E80/3586	E 8003586	Lake Mackay	Granted	206	Nova Energy Pty Ltd
WA	E80/3587	E 8003587	Lake Mackay	Granted	221	Nova Energy Pty Ltd
WA	E80/3588	E 8003588	Lake Mackay	Granted	222	Nova Energy Pty Ltd
WA	E80/3589	E 8003589	Lake Mackay	Granted	221	Nova Energy Pty Ltd
WA	E80/3837	E 8003837	Lake Mackay	Granted	266	Nova Energy Pty Ltd
WA	E80/4449	E 8004449	Lake Mackay	Application	70	Nova Energy Pty Ltd
TANAMI						
WA	E80/4201	E 8004201	Tanami	Application	110	Toro Energy Limited
WILUNA						
WA	L53/156	Abercomby Well West	Wiluna	Application	13	Nova Energy Pty Ltd
WA	L53/157	Abercomby Well East	Wiluna	Application	8	Nova Energy Pty Ltd
WA	M53/1090	Lake Way	Wiluna	Application	23	Nova Energy Pty Ltd
WA	E53/1132	E 5301132	Wiluna	Granted	38	Nova Energy Pty Ltd
WA	E53/1287	Camel Soak	Wiluna	Granted	26	OZ Minerals Wiluna Pty Ltd
WA	E53/1288	Lake Uramurdah West	Wiluna	Granted	8	OZ Minerals Wiluna Pty Ltd
WA	E53/1296	Lake Way	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	L53/150	L 5300150	Wiluna	Granted	123	Nova Energy Pty Ltd
WA	M53/113	Lake Way South	Wiluna	Granted	5	OZ Minerals Wiluna Pty Ltd
WA	M53/121	Lake Way West	Wiluna	Granted	7	OZ Minerals Wiluna Pty Ltd
WA	M53/122	Lake Way West	Wiluna	Granted	9	OZ Minerals Wiluna Pty Ltd
WA	M53/123	Lake Way	Wiluna	Granted	9	OZ Minerals Wiluna Pty Ltd
WA	M53/147	Lake Way South	Wiluna	Granted	7	OZ Minerals Wiluna Pty Ltd
WA	M53/224	Lake Way	Wiluna	Granted	9	OZ Minerals Wiluna Pty Ltd
WA	M53/253	Lake Way	Wiluna	Granted	10	OZ Minerals Wiluna Pty Ltd
WA	M53/45	Lake Way West	Wiluna	Granted	7	OZ Minerals Wiluna Pty Ltd

Locality	Tenement	Tenement Name	Project	Status	Area Km^2	Holder
WILUNA *(cont.)*						
WA	M53/49	Lake Way West	Wiluna	Granted	5	OZ Minerals Wiluna Pty Ltd
WA	M53/796	Lake Way	Wiluna	Granted	10	OZ Minerals Wiluna Pty Ltd
WA	M53/797	Lake Way	Wiluna	Granted	10	OZ Minerals Wiluna Pty Ltd
WA	M53/798	Lake Way	Wiluna	Granted	6	OZ Minerals Wiluna Pty Ltd
WA	M53/910	Lake Way	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1350	Lake Uramurdah West	Wiluna	Granted	1	OZ Minerals Wiluna Pty Ltd
WA	P53/1351	Camel Soak	Wiluna	Granted	1	OZ Minerals Wiluna Pty Ltd
WA	P53/1352	Lake Uramurdah West	Wiluna	Granted	1	OZ Minerals Wiluna Pty Ltd
WA	P53/1355	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1356	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1357	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1358	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1359	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1360	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1369	Lakes	Wiluna	Granted	1	OZ Minerals Wiluna Pty Ltd
WA	P53/1370	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1371	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1372	Lakes	Wiluna	Granted	1	OZ Minerals Wiluna Pty Ltd
WA	P53/1373	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1374	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1396	Lakes	Wiluna	Granted	2	OZ Minerals Wiluna Pty Ltd
WA	P53/1397	Lakes	Wiluna	Granted	1	OZ Minerals Wiluna Pty Ltd
WILUNA EXPLORATION						
WA	E36/750	Ockerburry Hill	Wiluna Exploration	Application	18	Toro Energy Limited
WA	E53/1555	E 5301555	Wiluna Exploration	Application	25	Nova Energy Pty Ltd
WA	E53/1181	Supply Well	Wiluna Exploration	Granted	104	Toro Energy Limited
WA	E53/1221	East Well	Wiluna Exploration	Granted	43	Toro Energy Limited
WA	E53/1524	E 5301524	Wiluna Exploration	Granted	18	Toro Energy Limited
NARLABY						
SA	EL3456	Mt Double	Narlaby	Granted	464	Minotaur Operations Pty Ltd
SA	EL3486	Concial Hill	Narlaby	Granted	618	Minotaur Operations Pty Ltd
RADIUM HILL						
SA	EL3521	Bonython Hill	Radium Hill	Granted	120	Minotaur Operations Pty Ltd
NONNING						
SA	EL3535	Nonning	Nonning	Granted	312	Minotaur Operations Pty Ltd
ROXBY-ACROPOLIS						
SA	EL3761	Roxby North	Roxby-Acropolis	Granted	368	Minotaur Operations Pty Ltd
SA	EL3762	Acropolis South	Roxby-Acropolis	Granted	327	Minotaur Operations Pty Ltd
MT WOODS						
SA	EL4025	Painted Hill	Mt Woods	Granted	1674	OZ Minerals Prominent Hill [1]
SA	EL4132	Birthday Hill	Mt Woods	Granted	1060	OZ Minerals Prominent Hill [1]
SA	EL4283	White Hill	Mt Woods	Granted	587	OZ Minerals Prominent Hill [1]
SA	EL4390	Mount Hawker	Mt Woods	Granted	446	OZ Minerals Prominent Hill [1]
NAMIBIA NAUKLUFT NATIONAL PARK						
Erongo Namibia	EPL3668	Gawib West	Namib Naukluft [2]	Granted	247	Nova Energy (Namibia) [3]
Erongo Namibia	EPL3669	Tumas North	Namib Naukluft [2]	Granted	218	Nova Energy (Namibia) [3]
Erongo Namibia	EPL3670	Chungochoab	Namib Naukluft [2]	Granted	858	Nova Energy (Namibia) [3]

1. *OZ Minerals Prominent Hill Operations Pty Ltd*
2. *Namib Naukluft National Park*
3. *Nova Energy (Namibia) Pty Ltd (Toro)*

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 13 September 2010.

Use of cash and cash equivalents

The company has used all cash and cash equivalents for the purpose of carrying out its stated business objectives.

Distribution of equity securities

Ordinary share capital

964,936,676 fully paid ordinary shares are held by 8,631 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

21,690,000 unlisted options are held by 32 individual option holders.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Unquoted Options
1 - 1,000	1,013	-
1,001 - 5,000	2,355	-
5,001 - 10,000	2,182	-
10,001 - 100,000	5,441	6
100,001 and over	751	26
	8,631	32

Holding less than a marketable parcel – 3,372

Substantial shareholders

Ordinary shareholders

	Number	Fully paid Percentage
OZ Minerals Ltd	374,784,430	38.84%
Oxiana Ltd	35,474,948	3.68%
	410,259,378	42.52%

Optionholders >20%

	Unquoted Options Number	Percentage
Nil	Nil	Nil

Twenty largest holders of quoted equity securities

	Ordinary Fully Paid Shares Units	% of issued Capital
OZ Minerals Limited	374,784,430	38.84
Oxiana Ltd	35,474,948	3.68
ANZ Nominees Limited <Cash Income A/C>	22,303,471	2.31
HSBC Custody Nominees (Australia) Limited	14,435,852	1.50
Citicorp Nominees Pty Limited	11,267,040	1.17
Allarrow Pty Ltd	9,923,602	1.03
Bell Potter Nominees Ltd <BB Nominees A/c>	6,300,000	0.65
TE & CG McMahon Nominees Pty Ltd <McMahon Super Fund No2 A/C>	5,197,728	0.54
Morble House Investments Pty Ltd <The Blecher Trading A/C>	5,073,429	0.53
Liberty Resources Limited	5,000,000	0.52
Mrs Christina Gail McMahon	4,558,333	0.47
Mr Terence Edwin McMahon	4,158,333	0.43
HSBC Custody Nominees (Australia) Limited - A/C 3	3,750,100	0.39
Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	3,606,000	0.37
DMG & Partners Securities Pte Ltd <Clients A/C>	3,550,000	0.37
Megarico Pty Ltd	3,500,000	0.36
Arredo Pty Ltd	3,407,394	0.35
Panamuna Investments Pty Ltd <The Carter Family A/C>	3,400,000	0.35
J P Morgan Nominees Australia Limited	3,360,935	0.35
Deep Yellow Ltd	3,066,667	0.32
Total Top 20 Shareholders	**526,118,262**	**54.52**
Total Remaining Holders Balance	**438,818,414**	**45.48**

CORPORATE INFORMATION

Directors

Ms Erica Smyth *(Chair)*
Mr Greg Hall *(Managing Director)*
Mr Derek Carter
Mr Peter Lester
Mr John Nitschke
Mr Andrew Coles

Company Secretary

Mr Donald Stephens

Registered Office

C/- HLB Mann Judd (SA) Pty Ltd
82 Fullarton Road, Norwood SA 5067

Principal Place of Business

3 Boskenna Avenue, Norwood SA 5067

Share Registry

Computershare Investor Securities Pty Ltd
Level 5, 115 Grenfell Street, Adelaide SA 5000

Legal Advisors

O'Loughlins Lawyers
Level 2, 99 Frome Street, Adelaide SA 5000

Bankers

National Australia Bank
22 – 28 King William Street, Adelaide SA 5000

Auditors

Grant Thornton South Australian Partnership
Chartered Accountants
Level 1, 67 Greenhill Road Adelaide SA 5034

Securities Exchange Listing

Toro shares are listed on the
Australian Securities Exchange Limited (ASX Code: TOE)
91 King William Street Adelaide SA 5000

Competent Person - Mineral Resources

The information in this report relating to mineral resources is based on information compiled by Mr Daniel Guibal MinEng, MSc, FAusIMM(CP), MMICA, MGAA, who has more than five years experience in estimation of mineral resources and ore reserves. Mr Guibal is a full-time employee of SRK Consulting, and has sufficient experience relevant to assessment of this style of mineralisation to qualify as a Competent Person as defined in the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Guibal consents to the inclusion of the information in the report in the form and context in which it appears.

Competent Person - Exploration

The information in this report that relates to Exploration is based on information compiled Mr Mark McGeough who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr McGeough is a fulltime employee of Toro Energy, and has sufficient experience which is relevant to exploration and the style of mineralisation under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mark McGeough consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Toro Energy Limited
ABN 48 117 127 590

3 Boskenna Avenue
Norwood 5067
South Australia

ASX code: **TOE**
www.toroenergy.com.au