toro energy
AUSTRALIA'S URANIUM

ASX: TOE

Toro Energy Limited

ACN 117 127 590

2019 Interim Financial Report

CLEAN ENERGY FOR
A GROWING WORLD

toroenergy.com.au

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CORPORATE INFORMATION

Directors

Richard Homsany - Executive Chairman

Richard Patricio - Non-Executive

Michel Marier - Non-Executive

Company Secretary

Katherine Garvey

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Australian Securities Exchange

ASX code: TOE

DIRECTORS' REPORT

The directors (**Directors**) of Toro Energy Limited (**Toro** or **the Company**) present their Report together with the financial statements of the Consolidated Entity, being the Company and its Controlled Entities (**the Group**) for the half-year ended 31 December 2019.

Director details

The following persons were Directors of Toro during or since the end of the financial half-year:

Mr Richard Homsany	Executive Chairman
Mr Richard Patricio	Non-Executive
Mr Michel Marier	Non-Executive

Company Secretary

Ms Katherine Garvey

Review of operations and financial results

The Company's net loss after income tax was $42,894,617 (2018: $1,162,289). Included in the loss were non-cash impairment expenses of $42,098,692. The impairment is largely due to the current subdued uranium market. The Company continued to actively pursue the development of its Wiluna Uranium Project and there has been no change in these activities during the current period. During the current period the Company also continued gold exploration activities at its Yandal Gold Project within the area of its Lake Maitland project (which forms part of the Wiluna Uranium Project).

Wiluna Uranium Project

The Wiluna Uranium Project consists of six uranium deposits in the Wiluna region of Western Australia totalling 84Mlb U_3O_8 in Mineral Resources. The primary focus of the Company has been the development of the Centipede, Millipede, Lake Maitland and Lake Way deposits totalling 63Mlb U_3O_8.

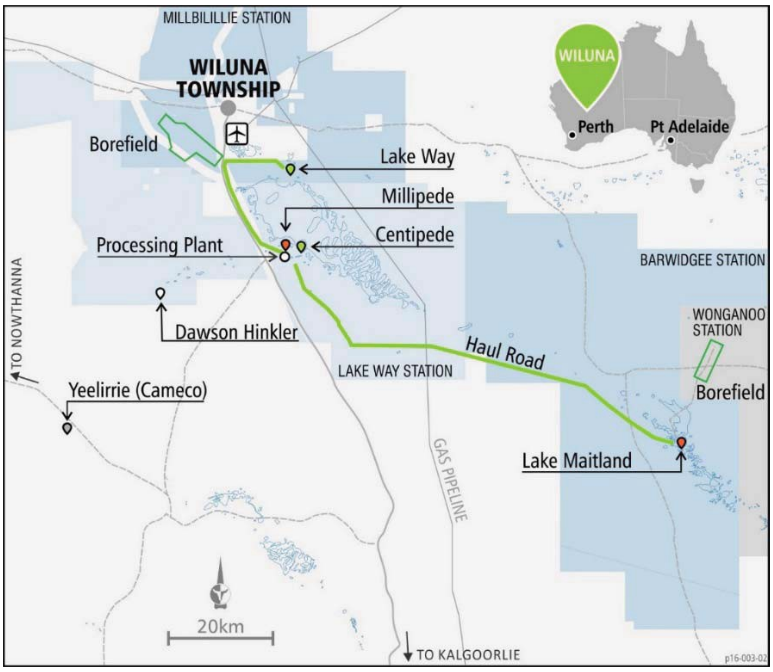

Figure 1: Wiluna Uranium Project - Location

On 7 July 2017 Toro received confirmation that the Federal government's Minister for the Environment and Energy, the Hon Josh Frydenberg, had granted environmental approval subject to implementation conditions, for the extension to the Wiluna Uranium Project (EPBC 2014/7138).

The approval complements the Federal government approval granted in April 2013 by the then Minister for the Department of Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke (EPBC No. 2009/5174) which approved the development of a uranium mine comprising the Centipede and Lake Way deposits and the associated processing plant and infrastructure. The effect of the two Federal approvals is that the assessment process under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) is complete and the Wiluna Uranium Project, being the mining of uranium at the Centipede, Lake Way, Millipede and Lake Maitland deposits, the construction of a processing facility and all mine and processing related infrastructure, tailings storage facilities and finished product transport to port, can be implemented subject to the conditions outlined in the two approval documents. The full State and Federal government approval documents were published as annexures to the Company's ASX release dated 10 July 2017.

As announced by the Company to ASX on 30 January 2018, 20 April 2018, 20 June 2018, 27 June 2018, 12 September 2018 and 19 September 2018 the Company has been working with Strategic Metallurgy Pty Ltd (**Strategic**) to complete Beneficiation and Process Design Studies (**BPD Studies**) for the Wiluna Uranium Project. As a result of the pleasing results of those BPD Studies, which identified the potential for major cost reductions for the Wiluna Uranium Project, the Company engaged Strategic to advance to the modelling phase of the BPD Studies for the processing of Lake Maitland ore with a view to producing an updated scoping study for the Wiluna Uranium Project (the existing scoping study having been prepared for the Company by Strategic in 2016) based on processing Lake Maitland ore only. On 7 March 2019 the Company made an ASX announcement concerning the updated scoping study and the potential cost reductions to the capital and operating costs of the Wiluna Uranium Project that have been highlighted by the BPD Studies.

Toro remains focused on advancing its Wiluna Uranium Project in parallel with the Yandal Gold Project. Toro's completed and ongoing research initiatives continue to demonstrate that proposed enhancements to the processing circuit have potential for consequent substantial reductions in both capital and operating costs for the Wiluna Uranium Project.

During the period the Company also announced a Maiden Vanadium JORC (2012) Resource for the Wiluna Uranium Project (refer to **Figure 1**). The Maiden 2012 Inferred Mineral Resource for the Wiluna Uranium Project has been estimated at 53.6Mt at 0.0382% Vanadium Pentoxide (V_2O_5) comprising 68,300,000 pounds V_2O_5 using a cut-off grade of 200ppm U_3O_8. Test work completed by the Company established that V_2O_5 may be a valuable by-product of processing uranium ore from the proposed uranium mine on the Wiluna Uranium Project. Given the expected long-term growth in the price of V_2O_5 (see the Company's ASX announcement of 21 October 2019 for further information) and the potential future demand, including from Vanadium Redox Batteries (VRBs), Toro believes producing vanadium as a by-product is likely to result in a significant improvement to the feasibility and value of the Wiluna Uranium Project.

Exploration

Toro's Lake Maitland tenement portfolio (100km south of Wiluna) is located in the centre of the Yandal Greenstone belt. During the period the Company continued to assess the non-uranium prospectivity within its Lake Maitland tenure through the exploration of its Yandal Gold Project, which comprises over 143 square kilometres of contiguous and untested yet highly prospective exploration ground in the high yielding Yandal Gold District (refer to **Figure 2**). The Yandal Greenstone Belt is one of Western Australia's most productive gold districts, hosting world class deposits such as Jundee, Bronzewing and Darlot. The Lake Maitland Project area has never been adequately explored for any mineral other than uranium, having been held by uranium companies for decades.

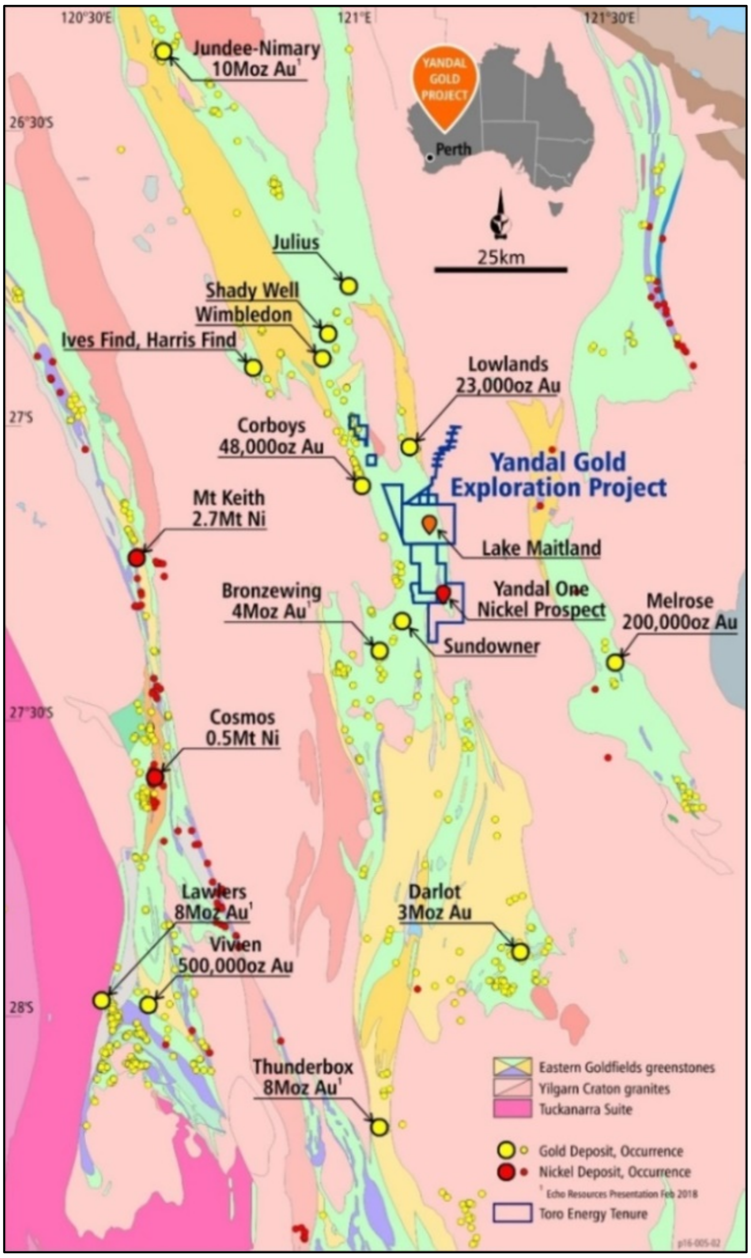

Figure 2: Location of Toro's Yandal Gold Project within the high yielding Yandal Gold District, showing the Yandal Greenstone Belt running through the project area according to state government mapping, the location of gold deposits and occurrences and the three major gold producing operating centres, Jundee-Nimary, Bronzewing and Darlot.

An extensive aircore drilling campaign conducted in late 2018 and early 2019 that incorporated only a few of these structural targets (refer to the Company's ASX announcement of 17 October 2018) identified six main target areas for gold exploration, including a number of gold and nickel-copper-platinum group element (**PGE**) geochemical anomalies in top-of-basement rock.

These target areas are now known as:

1. **Christmas** (gold and gold-nickel-copper-PGE anomalies over structural targets)
2. **November Rain** (gold and gold-nickel-copper-PGE anomalies over structural targets)
3. **Area 12** (gold over structural target)
4. **Mako** (magnetic and gravity geophysical target)
5. **The Maze** (gold anomalies over structural targets)
6. **Shadow Rock** (gold anomalies over structural targets)

(see **Figure 3**).

During the period Toro conducted an exploration drilling programme of 15 drill holes for 2,896m over the Yandal Gold Project, which was aimed at testing three high priority gold anomalies, being Christmas, November Rain and Shadow Rock. It also incorporated two new target areas, Golden Ways and Broken Nose. Golden Ways, in the far north east of the Project, has a number of historical gold prospects and drill targets and Toro believes the area to be under-explored, both along structures and at depth (refer to the Company's ASX announcement of 9 September 2019). Broken Nose, in the far south of the Yandal Gold Project, is focused around a significant NE trending structural offset in the nose of a folded ultramafic-komatiite (refer to the Company's ASX announcement of 13 November 2019).

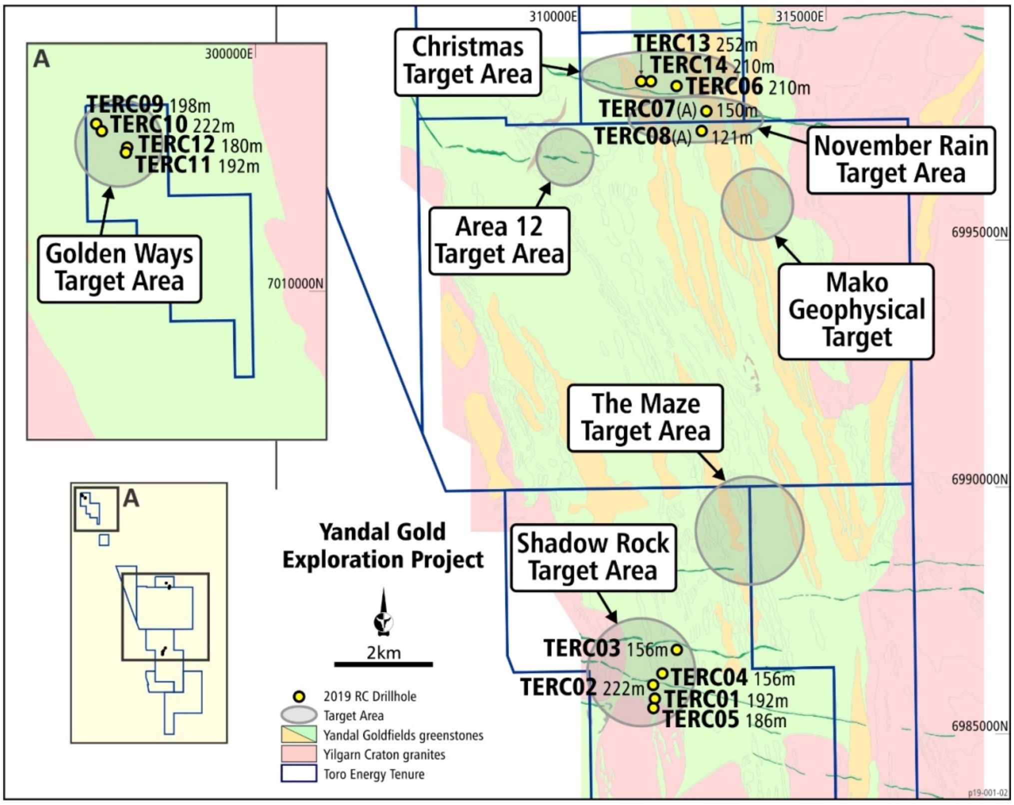

Figure 3: Location of RC drill holes completed in the late 2019 RC drilling program, relative to the location of the target areas developed so far on the Yandal Gold Project. Background geology is a simplified version of the 1:15K Interpretation of the 2016 airborne magnetic survey by Core Geophysics. No geological information from the aircore or RC drilling to date has been added to this geology.

Christmas Target Area

The final geochemistry results received from the 2019 exploration drilling programme on the Yandal Gold Project confirm that drilling at Christmas intersected a significantly thick zone of low-level gold mineralisation extending from the top of basement to at least 60-70m below and open at depth.. Geochemical results disclose that TERC06 intersected 52m of continuous anomalous gold mineralisation averaging 0.042g/t Au (42ppb) from 152m downhole. This interval includes 4m at 0.15g/t Au from 152m, 4m at 0.1g/t Au from 184m and 4m at 0.12g/t Au from 200m downhole (4m composites). Please refer to the Company's ASX announcement of 10 February 2020). Given no other RC drill hole successfully penetrated into the basement in this area due to difficult drilling conditions through the overlying paleochannel sediments, the mineralised zone remains untested in all directions.

On the western limits of the Christmas Target Area the Company intersected 'fingers' of massive sulphide containing nickel in RC drill hole TERC13. Nickel sulphides were intersected over at least 3m starting at the base of a Komatiite-ultramafic where fingers of massive sulphide were found in drill chips over 1m from 177m downhole. The bulk geochemistry of the 1m that contained the fingers of massive sulphide returned 0.38% nickel and 6% sulphur (S). Further, hand held portable XRF (hh_pXRF) analysis of chips of the massive sulphide showed they may contain up to 1.7% nickel locally. The intersection highlights the prospectivity of the extensive ultramafic rock package that exists on the Yandal Gold Project. Please refer to the Company's ASX announcement of 19 February 2020 for further information about this nickel intersection including the preliminary assay results from a limited number of samples chosen for expedited analysis.

Gold mineralisation over 10m was intersected directly beneath the nickel, grading 0.36g/t from 182m downhole inclusive of 2m at 0.57g/t from 188m and 1m at 1.3g/t from 188m (see **Figure 3**). The gold was hosted within a silica rich and heavily chlorite altered contact zone on the edge of the granite with granite-like trace element geochemistry. The highest grade gold was associated with significant quartz veining with carbonate. Silver (Ag), with grades of up to 2.6g/t (over 1m from 203m downhole) was also a prominent geochemical feature of the contact zone. Disseminated pyrite alteration continued throughout the granite to the end of hole, some 74m beyond the contact with the komatiite-ultramafic.
The gold intersection of up to 1.3g/t Au in TERC13, along with extensive pyrite and potassic-hematite alteration and quartz-carbonate veining and silicification is a strong indication that significant gold mineralisation may be present nearby to TERC13 and that gold deposits at granite-greenstone contacts, common in the Yilgarn and present in the Yandal, are a genuine consideration

for exploration on the Project. The gold intersection in TERC 13 further proves that a significant hydrothermal system carrying gold was operational in the Christmas and November Rain areas.

Shadow Rock

As announced to the ASX on 31 December 2019, final geochemistry results received by the Company from its maiden RC drilling programme within the Shadow Rock Target Area on the Yandal Gold Project confirm the intersection of a large, previously unidentified, sulphide bearing shear zone containing anomalous gold and in geology favourable for gold mineralisation. The Company is encouraged by these results, considering the 2019 RC drilling programme was the first ever drilling to depth into the basement geology in the Shadow Rock area.

A total of 5 RC drill holes for 912m were completed within the Shadow Rock Target Area in October-November 2019 (see drill hole table in the Company's ASX announcement of 25 October 2019). Four of the holes were aimed at penetrating fresh rock approximately 50m beneath a number of top-of-basement gold anomalies discovered from the aircore drilling programme completed earlier in the year (refer to the Company's ASX announcement of 30 July 2019). A fifth hole was drilled outside the plan to test if the sulphides intersected in the previous four holes dissipated away from a major NE trending regional structure further to the south, which was shown not to be the case.

Drill holes TERC01, TERC02, TERC04 and TERC05 (see **Figure 3**) all intersected anomalous gold (highest value of 0.13g/t over 1m from 124m downhole in TERC02) at different depths and at concentrations greater than that of the top of basement anomalies originally targeted (refer to previously presented tables in the Company's ASX announcement of 25 October 2019). Low level gold anomalism thickens in the southern-most drill hole, TERC05, with an average of 15.9ppb gold (0.016g/t) over 52m downhole from 91m. This is significant considering carbonate alteration with as low as 4ppb gold is considered a halo for the Bronzewing mineralising system.

The gold anomalism at Shadow Rock is associated with a previously unidentified N-S shear zone containing sulphides, predominantly pyrite, in foliation planes of foliated biotite schist, (heavily chloritised and silicified) meta-volcanics and less common lenses of meta-gabbro and mafic gneiss. Sulphide concentrations are relatively high with total sulphur (S) commonly greater than 1% (weight percent total sulphur), especially in hole TERC04 which averaged 1.81% total sulphur over 77m downhole from 79m. Sulphide bearing quartz and carbonate veining as well as potassic/hematite alteration is also associated with the gold bearing geology. The gold pathfinder element bismuth (Bi) is elevated in the gold bearing zones as on occasions are copper (Cu) and arsenic (As).

Toro believes that the geological setting and geochemistry uncovered at Shadow Rock is consistent with large gold mineralising systems elsewhere in the Yilgarn Greenstone terrains, where large northerly trending sulphur bearing shear zones have brought gold, which is also concentrated in cross-cutting structures. Anomalous gold with strong pathfinder association and gold system alteration suggests economic gold mineralising systems in the Shadow Rock area are a possibility. The shear zone is at least 700m long in the area drilled but geophysics suggests that it may extend north and south to an overall length of at least 4-5km. Toro is planning follow-up exploration at Shadow Rock in 2020.

Golden Ways Target Area

Drilling at Golden Ways was aimed at confirming the presence of vein gold and Au alteration systems at depth near historical workings on E53/1211, the northern-most tenement in the Yandal Gold Project. Four RC drill holes, TERC09, TERC10, TERC11 and TERC12, were completed in the area for a total of 792m (**Figure 3**).

Drill hole TERC12 showed that the targeted quartz vein and associated gold mineralisation was substantially thicker at depth than at the surface, intersecting quartz veining from approximately 95m downhole from the west, over 14m to 109m downhole on its eastern edge. Gold mineralisation was evident throughout the interval culminating in 8m @ 0.65g/t Au from 97m downhole, and including 2m @ 2.3g/t from 100m, within the more quartz rich zone. Trace gold was found throughout the entire length of TERC12, with further intervals of significant anomalism including 1m @ 0.22g/t from 63m downhole and 4m @at 0.072g/t from 157m downhole.
Mapping of the vein at the surface showed that the vein intersected by TERC12 outcrops continuously for approximately 500m, however vein outcrop further along strike suggests that the vein is significantly longer. Shallow but significant historical workings along the vein are evidence that higher grades are possible.

TERC11 also intersected significant gold mineralisation including 1m @ 3.18g/t Au from 80m (4.35g/t from a grab sample from drill pile of same interval – see the Company's ASX announcement 28 October 2019), and 1m @ 0.37g/t Au from 81m. TERC11 was drilled only 76m to the south of TERC12, away from the outcropping vein to the west, but towards favourable alteration encountered in historical drilling (no published mineralisation). Although this mineralisation also seems to be associated with quartz, it had no surface expression, hence is strong evidence that gold mineralisation may be present between the veins and vein sets mapped at the surface, further increasing the potential gold resources at Golden Ways.

Toro believes Golden Ways is highly prospective for hydrothermal vein and oxide gold mineralisation of economic grade and volume and has therefore instigated detailed vein and geological mapping for exploration target generation for follow-up drilling.

November Rain Target Area

As outlined to the ASX on 25 October 2019, three holes were planned at November Rain aimed at testing the geology 50m beneath the southern end of the 1.3km long Christmas-November Rain gold anomaly (refer to the Company's ASX announcement of 28 May 2019 for further details) and one beneath a Ni, Cr, Pt, Pd and Au anomaly. The November Rain area proved difficult for RC drilling due to collapsing sands in an unconsolidated and saturated paleochannel; as a result drilling in the area was abandoned to be revisited in 2020 with a mud rotary/diamond combination drilling technique.

Corporate

During the period the Company completed a share purchase plan (**SPP**), receiving applications totalling $2,542,000 from eligible shareholders pursuant to the SPP. The SPP was fully underwritten by Patersons Securities Limited (**Patersons**) to the value of $3,500,000. Nominees of Patersons subscribed for the remaining $958,000 of the underwritten amount, bringing the total amount raised by the Company under the SPP to $3,500,000.

The price for shares issued under the SPP was calculated as $0.011 per share, being the price equal to a 20% discount to the five (5) day volume weighted average price of shares traded on ASX over the five (5) trading days immediately before the allotment date of 8 November 2019, rounded up to the nearest tenth of a cent in accordance with the terms of the SPP.

Significant events after the balance date

After the balance date the Company entered into an agreement with The Sentient Group (**Sentient**) to extend the maturity date of the $6,000,000 loan made available to the Company by Sentient (**Sentient Loan**).

The Company has agreed to repay $1,000,000 of the Sentient Loan now and Sentient has agreed to extend the maturity date for the balance of the Sentient Loan to 31 December 2020, or such later date as the parties may agree in writing.

The Company has also agreed to issue 120,388,021 fully paid ordinary shares in the capital of the Company (**Shares**) in satisfaction of interest payable on the Sentient Loan up to the date of 2 February 2020. The number of Shares to be issued was calculated on the basis of the 30 day volume weighted average closing price for Shares traded on the ASX for the 30 days prior to the maturity date (30 Day VWAP) in accordance with the terms and conditions of the Sentient Loan. Interest will continue to be payable on the Sentient Loan at a 10% coupon rate, calculated daily and compounding annually, and will be payable by Toro on the maturity date. Sentient has agreed that the Company may elect to satisfy the payment of any further interest payable on the Sentient Loan by the issue of Shares rather than in cash. The number of Shares to be issued in satisfaction of interest payable will be calculated based on the 30 Day VWAP prior to the extended maturity date.

No matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

Auditor independence

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 9 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

Richard Homsany
Executive Chairman
13 March 2020

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307c OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TORO ENERGY LIMITED

As lead auditor for the review of Toro Energy Limited for the half-year ended 31 December 2019, 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 review; and

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

Neil Pace
NEIL PACE
PARTNER

Moore Stephens
MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 13th day of March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		CONSOLIDATED	
	Note	**31 DECEMBER 2019 $**	**31 DECEMBER 2018 $**
Other income	3 (a)	**38,819**	149,497
Present value of financial liability			
Impairment of available for sale shares		**(51,885)**	-
Impairment of exploration and evaluation assets	7	**(42,098,692)**	(569,843)
Employee benefits expense	3 (b)	**(128,778)**	(118,534)
Depreciation expense		**(44,906)**	(48,244)
Finance costs	3 (b)	**(302,466)**	(346,456)
Other expenses	3 (b)	**(306,709)**	(228,709)
Loss before income tax expense		**(42,894,617)**	(1,162,289)
Income tax benefit			
Loss for the year		**(42,894,617)**	(1,162,289)
Other comprehensive income			
Other comprehensive income for the year (net of tax)			
Total comprehensive income for the year		**(42,894,617)**	(1,162,289)
Loss attributable to:			
Owners of the Company		**(42,894,617)**	(1,162,289)
		(42,894,617)	(1,162,289)
Total comprehensive loss attributable to:			
Owners of the Company		**(42,894,617)**	(1,162,289)
		(42,894,617)	(1,162,289)
Loss per share		**Cents**	Cents
From continuing operations:			
Basic and diluted earnings per share	4	**(1.89)**	(0.05)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		CONSOLIDATED	
	Note	31 DECEMBER 2019 $	30 JUNE 2019 $
CURRENT ASSETS			
Cash and cash equivalents	5	**5,749,066**	5,088,517
Trade and other receivables	6	**102,388**	95,171
Other current assets		**21,776**	43,087
Financial Assets		**117,591**	159,476
Total current assets		**5,990,821**	5,386,251
NON CURRENT ASSETS			
Property, plant and equipment		**608,882**	635,769
Exploration and evaluation assets	7	**18,000,000**	58,077,189
Other non-current assets		**5,000**	5,000
Total non-current assets		**18,613,882**	58,717,958
Total assets		**24,604,703**	64,104,209
CURRENT LIABILITIES			
Trade and other payables	9	**1,025,699**	845,866
Borrowings	10	**16,000,000**	10,000,000
Provisions		**123,262**	108,272
Total current liabilities		**17,148,961**	10,954,138
NON CURRENT LIABILITIES			
Borrowings	10	**-**	6,000,000
Provisions		**1,567**	838
Total non current liabilities		**1,567**	6,000,838
Total liabilities		**17,150,528**	16,954,976
Net assets		**7,454,175**	47,149,233
EQUITY			
Issued capital	11	**301,182,498**	297,982,939
Reserves		**554,290**	554,290
Accumulated losses		**(294,282,613)**	(251,387,996)
Equity attributable to owners of the Company		**7,454,175**	47,149,233
Total equity		**7,454,175**	47,149,233

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		CONSOLIDATED			
	Note	**Issued capital $**	**Share reserve $**	**Accumulated losses $**	**Attributable to owners of the parent $**
Balance at 1 July 2018		294,068,906	1,949,290	(250,400,027)	45,618,169
Loss for the year				(1,162,289)	(1,162,289)
Total comprehensive loss for the year				(1,162,289)	(1,162,289)
		-	(1,395,000)	1,395,000	-
Proceeds from shares issued		3,830,560	-	-	3,830,560
Transaction costs of issue of shares		(196,317)	-	-	(196,317)
Balance at 31 December 2018		**297,703,149**	**554,290**	**(250,167,316)**	**48,090,123**
Balance at 1 July 2019		297,982,939	554,290	(251,387,996)	47,149,233
Loss for the year				(42,894,617)	(42,894,617)
Total comprehensive loss for the year				(42,894,617)	(42,894,617)
Proceeds from shares issued		3,499,930	-	-	3,499,930
Transaction costs of issue of shares		(300,371)	-	-	(300,371)
Balance at 31 December 2019	11	**301,182,498**	**554,290**	**(294,282,613)**	**7,454,175**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	CONSOLIDATED 31 DECEMBER 2019 $	31 DECEMBER 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		**(528,620)**	(305,042)
Interest received		**39,131**	83,174
R&D tax concession refund		**-**	1,107,290
Net cash used in operating activities		**(489,489)**	885,422
Cash flows from investing activities			
Purchase of property, plant and equipment		**(18,019)**	(11,918)
Security bond		**-**	-
Purchase of equity investments		**(10,000)**	-
Payments for exploration& evaluation activities		**(2,021,502)**	(1,822,534)
Net cash used in investing activities		**(2,049,521)**	(1,834,452)
Cash flows from financing activities			
Proceeds from issue of shares		**3,499,930**	3,830,560
Transaction costs of issue of shares		**(300,371)**	(196,317)
Net cash used/provided by financing activities		**3,199,559**	3,634,243
Net increase in cash and cash equivalents		**660,549**	2,685,213
Cash at the beginning of the financial year		**5,088,517**	4,367,641
Cash at the end of the financial year	5	**5,749,066**	7,052,854

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Statement of significant accounting policies

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* (Cth) and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2019.

The interim financial statements were authorised for issue by the Directors on 13 March 2020.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2019 except as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Application of New and Revised Accounting Standards

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policies as a result of adopting the following standard:

AASB 16: Leases
The Group as lessee

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Based on director's assessment, the adoption of AASB 16 did not have any impact on the Group as its existing lease contract is short-term in nature.

Going Concern

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss for the half year ended 31 December 2019 of $42,894,617 (2018: $1,162,289), has current assets of $5,990,821 and current liabilities of $11,148,961.

Within current liabilities are amounts of $10,000,000 due to The Sentient Group (**Sentient**) which can be satisfied by either cash or new ordinary shares in the Company any time after 22 December 2017 and at the Company's election (refer Note 10(i)) for more information. Sentient provided Toro with interest free funding totalling $10,000,000 to be used for research and development activities to advance and improve the value of the Wiluna Uranium Project. Toro has granted Sentient the right to receive a unitisation fee valued at 2.5% of the gross proceeds from the production of uranium from the Wiluna Uranium Project. The Unitisation Deed can be terminated by either party at any point in time after three years (or earlier in certain circumstances, including a change in control of Toro). Toro may elect at its discretion to satisfy the consideration payable on termination in cash or Toro shares irrespective of which party terminates the Unitisation Deed. Where consideration is paid in shares the share price is determined by a 7.5% discount to a 30 day volume weighted average price. As it is now after 22 December 2017, Sentient and Toro are each entitled to terminate the Unitisation Deed and require repayment. Toro has no present intention to terminate the Unitisation Deed. If Sentient decides to terminate the Unitisation Deed and call upon the loan in the next 12 months, then Toro will elect to repay the amount owing in Toro shares. The Unitisation Deed does not compel that the repayment be in cash.

Within current liabilities is a loan due to Sentient with a face value of $6,000,000 which was originally interest free and due for repayment by 3 August 2018 (refer Note 10(ii) for more information) (**Sentient Loan**).

On 31 July 2018 an agreement was reached with Sentient to extend the date for repayment of the Sentient Loan from 3 August 2018 to 2 February 2020. In consideration for the grant of this extension the Company has agreed that it will pay Sentient interest on the amount outstanding under the Sentient Loan, calculated at a 10% coupon rate, calculated daily and compounding annually, effective on and from 3 August 2018. Sentient has agreed that the Company may elect to satisfy the payment of any interest payable on the Sentient Loan by the issue of fully paid ordinary shares in the capital of the Company (**Shares**) rather than in cash. The number of Shares to be issued in satisfaction of interest payable will be calculated based on the 30 day volume weighted average closing price for Shares traded on the ASX for the 30 days prior to the relevant repayment date (**30 Day VWAP**).

After the balance date the Company entered into an agreement with Sentient to further extend the maturity date of the Sentient Loan. The Company has agreed to repay $1,000,000 of the Sentient Loan now and Sentient has agreed to extend the maturity date for the balance of the Sentient Loan to 31 December 2020, or such later date as the parties may agree in writing.

The Company has also agreed to issue 120,388,021 Shares in satisfaction of interest payable on the Sentient Loan up to the date of 2 February 2020. The number of Shares to be issued was calculated on the basis of the 30 Day VWAP in accordance with the terms and conditions of the Sentient Loan. Interest will continue to be payable on the Sentient Loan at a 10% coupon rate, calculated daily and compounding annually, and will be payable by Toro on the maturity date in cash or by the issue of Shares as detailed above.

In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of Toro shares traded on ASX on 2 August 2018, Sentient may require that the Company pay the amount of interest payable in cash in full rather than by the issue of Toro shares. Accrued interest has been calculated on a pro rata basis and is disclosed in note 3(b).

The Company has determined that it will be able to settle its other debts as and when they fall due through a combination of research and development grants received from government and prudent cash management. Notwithstanding this, the ability of the Group to continue as a going concern is dependent upon the Group being able to raise additional funds as required from time to time to meet exploration and evaluation programs on its mining interests and for working capital. The Directors believe that the Group will be able to raise additional capital as required based on its track record of doing so in the past, the underlying value attributable to the Group's main undertaking in the Wiluna Uranium Project, the Company's strong shareholder base, the Directors' medium to long term views of the uranium markets and the competitive advantage the Wiluna Uranium Project has amongst development stage properties in Australia.

2 Segment information

The Consolidated Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Group operates in one operating segment and one geographical segment, being mineral exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Group.

	31 Dec 19 $			31 Dec 18 $		
	Evaluation	Exploration	Total	Evaluation	Exploration	Total
Segment impairment expense	(41,337,430)	(761,262)	(42,098,692)	(19,280)	(550,563)	(569,843)
Segment depreciation expense	(44,906)	-	(44,906)	(48,244)	-	(48,244)
Segment operating loss	(41,382,336)	(761,262)	(42,143,598)	(67,524)	(550,563)	(618,087)
	31 Dec 19 $			30 Jun 19 $		
	Evaluation	Exploration	Total	Evaluation	Exploration	Total
Segment assets	18,608,882	-	18,608,882	58,712,958	-	58,712,958

3 Revenue and expenses

		CONSOLIDATED	
		31 DECEMBER 2019 $	31 DECEMBER 2018 $
(a)	**Other income**		
	Bank interest received or receivable	**38,819**	78,810
	Government grants income	**-**	69,290
	Other income	**-**	1,397
		38,819	149,497
(b)	**Expenses**		
	Finance expenses		
	Amortisation of Sentient Loan Borrowing Costs	**-**	-
	Unwinding of Sentient Loan Present Value discount	**-**	53,571
	Amortisation of Sentient Loan Option Costs	**-**	44,666
	Pro-rata accrued interest on $6m Sentient Loan	**302,466**	248,219
	Total finance expenses	**302,466**	346,456
	Employee benefits expense		
	Wages, salaries, directors fees and other remuneration expenses	**314,773**	325,185
	Share based payments expense	**-**	-
	Transfer to capitalised tenements	**(185,995)**	(206,651)
	Total employee benefits expenses	**128,778**	118,534
	Other expenses		
	Conferences	**-**	700
	Promotion and advertising	**22,500**	-
	Subscriptions	**598**	323
	Travelling expenses	**3,575**	4,122
	Accounting, secretarial support and audit fees	**71,895**	39,923
	Consulting fees	**-**	38,003
	Legal fees	**7,654**	-
	Rent and utility expenses	**11,836**	15,264
	Insurance costs	**20,998**	-
	AGM, annual report, ASX and share registry	**81,973**	112,549
	Other expenses	**85,680**	17,825
	Total other expenses	**306,709**	228,709

4 Loss per share

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

	CONSOLIDATED	
	31 DECEMBER 2019	31 DECEMBER 2018
Net loss attributable to ordinary equity holders of the Company	**($42,894,617)**	($1,162,289)
Weighted average number of ordinary shares for basic earnings per share	**2,263,944,117**	2,156,297,471
Loss per share	**(1.89c)**	(0.05c)

5 Cash and cash equivalents

	CONSOLIDATED	
	31 DECEMBER 2019 $	30 JUNE 2019 $
Cash at bank and in hand	**249,066**	1,088,517
Short term deposits	**5,500,000**	4,000,000
	5,749,066	5,088,517

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 Company, and earn interest at the respective short term deposit rates.

6 Trade and other receivables

	CONSOLIDATED	
	31 DECEMBER 2019 $	30 JUNE 2019 $
Senior secured loan - Strateco	**3,250,202**	3,250,202
Provision for impairment - loan	**(3,250,202)**	(3,250,202)
Convertible Note - Strateco	**15,291,482**	15,291,482
Provision for impairment - note	**(15,291,482)**	(15,291,482)
Trade receivables	**-**	-
Goods and services tax receivable	**102,388**	95,171
	102,388	95,171

Senior Secured Loan Strateco

On 22 December 2014, Toro acquired from the Sentient Group (**Sentient**) a C$3M senior secured loan receivable from Strateco. Consistent with the requirements of AASB 9 the loan has been recorded at its fair value plus acquisition costs.

Subsequently the loan was tested for impairment and due to the current financial standing of Strateco a provision to impair the full amount of the receivable has been taken to account.

It is noted however that the C$3M loan is secured over the Strateco company and assets, namely the Matoush Uranium project located in Quebec, Canada and that Toro continues its dialogue with Strateco concerning that company's future direction and financial position.

Convertible Note Strateco

As part of the Sentient transaction Toro also acquired C$14.1M of convertible notes in Strateco that matured on 27 February 2016.

At the time of acquisition the C$14.1m convertible notes were accounted for under AASB 139 as a loan and receivable.

In line with AASB 139 the receivable was tested for impairment and due to the current financial standing of Strateco a provision to impair the full amount receivable has been taken to account.

As mentioned above for the loan, the C$14.1M convertible note is also secured over the Strateco company and assets.

Concerning both the senior secured loan and the convertible note Strateco applied and received a stay of proceedings concerning debt recovery actions whilst it pursues litigation against the Quebec Government for C$200M. As the date of this report a judgment has been delivered in favour of the Quebec Government, which has now been appealed by Strateco. After the balance date the Quebec Court of Appeal as dismissed Strateco's appeal with costs, thereby affirming the Quebec Superior Court's dismissal of Strateco's lawsuit. The Company understands that Strateco is presently studying its options for next steps.

7 Exploration and evaluation assets

	CONSOLIDATED	
	31 DECEMBER 2019 $	**30 JUNE 2019 $**
Balance at beginning of financial year	**58,077,189**	55,771,769
Impairment of exploration expenditure (i)	**(42,098,692)**	(1,096,400)
Other expenditure during the year	**2,021,503**	3,401,820
	18,000,000	58,077,189

(i) Impairment as a result of expenditure on exploration tenements or surrendered tenements. Due to the current subdued uranium market, the Company has taken a conservative approach in impairing its exploration and evaluation assets.

8 Share based payments

Toro Energy Limited Securities Incentive Plan

The Company adopted, by shareholder resolution at the Company's 2017 Annual General Meeting, the Toro Energy Limited Securities Incentive Plan (**Plan**). A summary of the rules of the Plan are set out below.

- Employees (whether full time, part time or casual and including executive directors), non executive directors, contractors and such other persons as the Board determines, are eligible to participate in the Plan from time to time.
- The Board may from time to time determine that an eligible participant may participate in the Plan and make an invitation to that eligible participant to apply for securities in the Company on such terms and conditions as the Board decides.
- On receipt of an invitation an eligible participant may apply for the securities the subject of the invitation in whole or in part.
- The Board may determine that convertible securities issued under the Plan are subject to vesting conditions, which will be set out in the invitation and which may be waived by the Board.
- Where a person who holds convertible securities issued under the Plan ceases to be an eligible participant or becomes
- insolvent, all unvested convertible securities held by that person will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the convertible securities to vest.
- If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's convertible securities issued under the Plan will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

8 Share based payments (continued)

- All Toro shares issued under the Plan, or issued or transferred to a participant upon the valid exercise of a convertible security issued under the Plan (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A participant may exercise any voting rights attaching to Plan Shares.
- If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each participant holding convertible securities issued under the Plan will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
- If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of convertible securities issued under the Plan is entitled, upon exercise of the convertible securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the convertible securities are exercised.
- Unless otherwise determined by the Board, a holder of convertible securities issued under the Plan does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
- There are no participation rights or entitlements inherent in the convertible securities issued under the Plan and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the convertible securities issued under the Plan without exercising the convertible securities.

Upon adoption of the Plan the Company ceased to rely on its previous Employee Share Option Plan. Details of securities issued under the new Plan are set out below.

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share based payments is disclosed in Note 3(b).

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

	31 DECEMBER 2019 No.	31 DECEMBER 2019 WAEP	30 JUNE 2019 No.	30 JUNE 2019 WAEP
Outstanding at the beginning of the year	**42,750,000**	**$0.05**	117,750,000	$0.07
Granted during the year	**-**	**-**	-	-
Lapsed / expired during the year	**-**	**-**	(75,000,000)	$0.08
Outstanding at the end of the year	**42,750,000**	**$0.05**	42,750,000	$0.05
Exercisable at the end of the year	**42,750,000**	**$0.05**	42,750,000	$0.05

The weighted average remaining contractual life for the share options outstanding as at 31 December 2019 is 2.46 years (June 2019: 2.96 years).

The exercise price for options outstanding at the end of the period was $0.05 (June 2019: $0.05).

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 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.

9 Trade and other payables

	CONSOLIDATED	
	31 DECEMBER 2019 $	**30 JUNE 2019 $**
Trade payables (i)	**154,191**	275,781
Other payables (ii)	**23,289**	24,332
Accrued expenses	**848,219**	545,753
	1,025,699	845,866

(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.

10 Borrowings

	CONSOLIDATED	
	31 DECEMBER 2019 $	**30 JUNE 2019 $**
BORROWINGS		
Current		
A$10m Unitisation Deed (refer to Note 10(i))	**10,000,000**	10,000,000
Less: Present value discount of Unitisation Agreement	**(2,882,198)**	(2,882,198)
Add: Unwinding of present value discount	**2,882,198**	2,882,198
Less: Transaction costs	**(114,098)**	(114,098)
Add: Amortised transaction costs	**114,098**	114,098
	10,000,000	10,000,000
A$6m Sentient Group Loan (refer to Note 10(ii))	**6,000,000**	6,000,000
Less: Present value discount of Sentient Group Loan	**(1,729,318)**	(1,729,318)
Add: Unwinding of present value discount	**1,729,318**	1,729,318
Less: Transaction costs	**(1,607,958)**	(1,607,958)
Add: Amortised transaction costs	**1,607,958**	1,607,958
	6,000,000	6,000,000
Total current borrowings	**16,000,000**	16,000,000

10 Borrowings (continued)

(i) Unitisation Deed

In December 2014 the Company entered into a Unitisation Deed with the Sentient Group. Sentient provided Toro with interest free funding totaling $10,000,000 to be used for research and development activities to advance and improve the value of the Wiluna Uranium Project. Toro has granted Sentient the right to receive a unitisation fee valued at 2.5% of the gross proceeds from the production of uranium from the Wiluna Uranium Project.

The Unitisation Deed can be terminated by either party at any point in time after three years (or earlier in certain circumstances, including a change in control of Toro). Upon termination, the unitisation fee is to be bought back by Toro at the higher of $10,000,000 less amounts paid under the Unitisation Deed and the independently assessed fair market value of the unitisation fee at or around the time of termination. Toro may elect at its discretion to satisfy the consideration payable on termination in cash or Toro Shares irrespective of which party terminates the Unitisation Deed. Where consideration is paid in shares the share price is determined by a 7.5% discount to a 30 day volume weighted average price.

The option to settle the debt in shares is a derivative that gives right to an asset or liability and therefore needs to be valued (AASB 132 para 26 and 27). The derivative is to be fair valued at each reporting date. In valuing the derivative, the approach is to determine the number of Toro shares to be issued (based on the 30 day WVAP discounted for 7.5%) and then to value those shares using the current market price of a Toro share.

The calculation is as follows:

- 30 Day VWAP at 31 December 2019 reporting date = $0.0075
- Discounted at 7.5% = $0.0069375
- Number of shares issued if terminated (10,000,000/0.0069375) = 1,441,441,441
- Value of loan at 31 December 2019 (1,441,441,441*0.0080 (31 Dec share price)) = $11,531,532

If the loan was terminated at 31 December 2019 the value of equity issued to settle the debt would be approx. $1,531,532 higher than current book value. The ultimate value attributed to the shares to be issued to settle the debt will fluctuate based on the 30-day VWAP compared to the Company's share price at termination date. Given the potential for significant fluctuations in the value of the derivative the Directors consider it appropriate not to book the movement.

(ii) Sentient Group Loan

In November 2015 the Company repaid $6M of Macquarie Bank's $12M Debt Facility and refinanced the remaining $6M with a 3 year interest free loan from Sentient. The Company issued of 75M options to Sentient with an exercise price of $0.08 per share, which have expired without being exercised during the year on the maturity of the loan (2 August 2018).

On 31 July 2018 the Company entered into an agreement with Sentient to extend the date for repayment of the Sentient Loan from 3 August 2018 to 2 February 2020. In consideration for the grant of this extension the Company has agreed that it will pay Sentient interest on the amount outstanding under the Sentient Loan, calculated at a 10% coupon rate, calculated daily and compounding annually, effective on and from 3 August 2018. Sentient has agreed that the Company may elect to satisfy the payment of any interest payable on the Sentient Loan by the issue of fully paid ordinary shares in the capital of the Company (**Shares**) rather than in cash. The number of Shares to be issued in satisfaction of interest payable will be calculated based on the 30 day volume weighted average closing price for Shares traded on the ASX for the 30 days prior to the relevant repayment date (**30 Day VWAP**).

After the balance date the Company entered into an agreement with Sentient to further extend the maturity date of the Sentient Loan. The Company has agreed to repay $1,000,000 of the Sentient Loan now and Sentient has agreed to extend the maturity date for the balance of the Sentient Loan to 31 December 2020, or such later date as the parties may agree in writing.

The Company has also agreed to issue 120,388,021 Shares in satisfaction of interest payable on the Sentient Loan up to the date of 2 February 2020. The number of Shares to be issued was calculated on the basis of the 30 Day VWAP in accordance with the terms and conditions of the Sentient Loan. Interest will continue to be payable on the Sentient Loan at a 10% coupon rate, calculated daily and compounding annually, and will be payable by Toro on the maturity date in cash or by the issue of Shares as detailed above.

In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of Toro shares traded on ASX on 2 August 2018, Sentient may require that the Company pay the amount of interest payable in cash in full rather than by the issue of Toro shares. Accrued interest has been calculated on a pro rata basis and is disclosed in note 3(b).

11 Issued capital

	CONSOLIDATED	
	31 DECEMBER 2019 $	**30 JUNE 2019 $**
Ordinary Shares	**301,182,498**	297,982,939

	Number*	**$**
Ordinary shares		
Balance at beginning of financial year	2,172,293,854	297,982,939
Share Purchase Plan - 8 Nov 2019 318,182,044 Shares @ $0.011	318,182,044	3,499,930
Costs of capital raising		(300,371)
Balance at end of period	**2,490,475,898**	301,182,498

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 Ltd in 2007 was deemed a 'reverse acquisition' and Toro Energy's legal subsidiary Nova Energy Pty Ltd 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 transactions subsequent to the acquisition. The legal parent entity of Toro Energy Limited has been included to provide details of the volume of shares on issue at 31 December 2019.

12 Events after the balance sheet date

After the balance date the Company entered into an agreement with Sentient to further extend the maturity date of the Sentient Loan. The Company has agreed to repay $1,000,000 of the Sentient Loan now and Sentient has agreed to extend the maturity date for the balance of the Sentient Loan to 31 December 2020, or such later date as the parties may agree in writing.

The Company has also agreed to issue 120,388,021 Shares in satisfaction of interest payable on the Sentient Loan up to the date of 2 February 2020. The number of Shares to be issued was calculated on the basis of the 30 Day VWAP in accordance with the terms and conditions of the Sentient Loan. Interest will continue to be payable on the Sentient Loan at a 10% coupon rate, calculated daily and compounding annually, and will be payable by Toro on the maturity date in cash or by the issue of Shares. Please see Section 10 above for further information in respect of this matter.

No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 25 are in accordance with the Corporations Act 2001, including:
    a. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and the performance for the half year ended on that date; and
    b. Complying with the Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts and when they fall due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Richard Homsany

Executive Chairman

Signed this 13th day of March 2020

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Toro Energy Limited (the company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF TORO ENERGY LIMITED (CONTINUED)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.* We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 13th day of March 2020

APPENDIX 1

Wiluna Uranium Project [1]

Mineral Resources Table (JORC 2012)

		Measured		Indicated		Inferred		Total	
		200ppm	**500ppm**	**200ppm**	**500ppm**	**200ppm**	**500ppm**	**200ppm**	**500ppm**
Centipede / Millipede	Ore Mt	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	986	553	1,021
	U_3O_8 Mlb	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mt	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U_3O_8 Mlb	-	-	26.4	16.9	-	-	26.4	16.9
Lake Way	Ore Mt	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U_3O_8 Mlb	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mt	**4.9**	**1.9**	**44.3**	**16.9**	**2.7**	**0.4**	**52.0**	**19.2**
	Grade ppm	**579**	**972**	**555**	**948**	**382**	**986**	**548**	**951**
	U_3O_8 Mlb	**6.2**	**4.2**	**54.2**	**35.3**	**2.3**	**0.9**	**62.7**	**40.4**
Dawson Hinkler	Ore Mt	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U_3O_8 Mlb	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mt	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	794
	U_3O_8 Mlb	-	-	-	-	11.9	4.6	11.9	4.6
Total	Ore Mt	**4.9**	**1.9**	**52.7**	**17.8**	**21.4**	**3.3**	**79.0**	**23.0**
	Grade ppm	**579**	**972**	**520**	**931**	**368**	**765**	**482**	**916**
	U_3O_8 Mlb	**6.2**	**4.2**	**60.4**	**36.4**	**17.4**	**5.5**	**84.0**	**46.4**

Competent Persons' Statement

Wiluna Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates – Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna Deposits

The information presented here that relates to Mineral Resources of the Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna deposits is based on information compiled by Dr Greg Shirtliff of Toro Energy Limited, Mr Sebastian Kneer formerly of Toro Energy Limited and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate and Dr Shirtliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirtliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mr Guibal is a Fellow of the AusIMM and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as Defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

[1] Refer JORC Table 1 in ASX release dated 2 February 2016 for details on how these Mineral Resources are estimated.