

TORO ENERGY LIMITED

2018 ANNUAL REPORT





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CORPORATE DIRECTORY

Directors	Richard Homsany, Executive Chairman Richard Patricio, Non-executive Michel Marier, Non-executive
Company Secretary	Katherine Garvey
Registered Office and Principal Place of Business	60 Havelock St, West Perth WA 6005 PO Box 584 West Perth WA 6005 Phone: +61 8 9214 2100 Fax: +61 8 9226 2958
Share Registry	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth WA 6000
Auditor	Grant Thornton Audit Pty Ltd Level 43, 152 – 158 St Georges Terrace, Perth WA 6000
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: TOE)



DIRECTORS' REPORT

The directors of Toro Energy Limited (**Toro** or the **Company**) present their report together with the financial statements of the consolidated entity, being Toro and its controlled entities (the **Group**) for the year ended 30 June 2018.

Directors' Details

The following persons were directors of Toro (**Directors**) during or since the end of the financial year:

Director	Richard Homsany, LL.B (Hons), B. Com, Grad. Dip. Fin & Inv, F Fin, MAICD, CPA,
Appointment	Executive Chairman 1 January 2017 Non-executive director since 1 December 2013
Biography	Richard is a corporate lawyer and Certified Practising Accountant and is experienced in advising on corporate transactions, capital raisings, stock exchange listings, mergers & acquisitions, finance, joint ventures, divestments and governance. He was previously a corporate partner of international law firm DLA Phillips Fox (now DLA Piper). Richard has been Executive Vice President for Australia of TSX listed Mega Uranium Ltd - a Toronto-based uranium investment and development company - since April 2010. Previously he worked for North Ltd prior to its takeover by Rio Tinto Ltd. In addition to his other listed company directorships Richard is Chairman of the unlisted Health Insurance Fund of Australia Limited. Richard is a Fellow of the Financial Services Institute of Australasia (FINSIA) and a Member of the Australian Institute of Company Directors.
Other current listed company directorships	Redstone Resources Ltd Central Iron Ore Limited
Former listed public company directorships (last three years)	-
Interest in ordinary shares	-
Interest in options / performance rights	15,000,000 options exercisable at \$0.05075 on or before 20 December 2022

Director	Richard Patricio, LL.B
Appointment	Non-executive director Appointed 1 December 2013
Biography	Richard is the Chief Executive Officer and President of Mega Uranium Ltd., a Toronto-based uranium investment and development company. In addition to his legal and corporate experience, Richard has built a number of mining companies with global operations and managed Pinetree Capital Ltd (as its CEO until May 2016 and as its Vice President Legal and Corporate Affairs since 2005), a diversified investment company focused on the early stage resource markets. He has held senior officer and director positions in several junior mining companies listed on the TSX, TSX Venture, AIM and NASDAQ exchanges. Previously, Mr Patricio practiced law at a top tier law firm in Toronto and worked as in-house General Counsel for a senior TSX listed company. Richard received his law degree from Osgoode Hall and was called to the Ontario bar in 2000.



Director	Richard Patricio, LL.B
Other current listed company directorships	NexGen Energy Ltd ISOEnergy Ltd Latin American Minerals Ltd NxGold Inc. Hydro66 Holdings Corp
Former listed public company directorships (last three years)	Plateau Uranium Inc (resigned 10 March 2016) U3O8 Corp (resigned 29 July 2015) Mega Precious Metals Inc (resigned 22 June 2015) Terreno Resources Corp. (resigned 1 June 2017) Kerr Mines Inc (resigned 29 March 2017) Energy Fuels Inc (resigned 6 June 2015) Caledonia Mining Corporation (resigned 10 August 2015) Macarthur Minerals Ltd (resigned 27 April 2015)
Interest in ordinary shares	-
Interest in options / performance rights	7,500,000 options exercisable at \$0.05075 on or before 20 December 2022

Director	Michel Marier, BBA (Int'l Mgt), M.Sc (Finance)., CFA, FRM
Appointment	Non-executive director Appointed 22 December 2014
Biography	Michel is a Partner at The Sentient Group. Joining in 2009. Sentient manages over \$2.0B of investments and are a major investor in the global resources industry. Michel has diverse industry experience. Before joining Sentient, Michel worked for eight years at the Private Equity division of la Caisse de dépôt et placement du Québec (CDPQ).
Other current listed company directorships	Leadfx Limited Samco Gold
Former listed public company directorships (last three years)	Geodynamics Ltd (resigned 2015)
Interest in ordinary shares	-
Interest in options / performance rights	-

Company Secretary

Ms Katherine Garvey was appointed Company Secretary on 31 October 2017 and is also legal counsel to the Company. Ms Garvey has a Bachelor of Laws/Bachelor of Arts from the University of Notre Dame Australia and is an experienced



corporate and commercial lawyer and company secretary, with significant experience acting for listed public companies. Mr Andrew Worland served as Company Secretary until 31 October 2017.

Principal Activities

The Group is the owner of six uranium deposits in the north-eastern goldfields region of Western Australia known as Centipede, Millipede, Lake Maitland, Lake Way, Dawson Hinkler and Nowthanna. The Centipede, Millipede, Lake Maitland and Lake Way deposits collectively form the Wiluna Uranium Project (**Wiluna Uranium Project**). The Dawson Hinkler and Nowthanna deposits are regarded as advanced exploration prospects with declared JORC 2012 mineral resources.

During the year the principal activities of entities within the Group were to continue advancing the development of the Wiluna Uranium Project to enable it to be financed and brought into production with the lowest cost possible, to initiate the Yandal Gold Project within the Company's Lake Maitland tenement package (including conducting ground geophysics surveys and undertaking target generation with a view to completing a first phase exploration drilling program in Q4 2018) and to explore its tenement holdings and seek other new opportunities in uranium and energy-related commodities. There was a particular focus on environmental permitting, technical studies and research and development and the reduction in non-core activities, holdings and corporate overheads.

Review of Operations and Financial Results

Wiluna Uranium Project

The Centipede and Millipede deposits within the Wiluna Uranium Project are located 30 kilometres to the south of the town of Wiluna, which is located 950 kilometres north-east of Perth (refer to **Figure 1**). The major focus of activities during the year was to undertake metallurgical and process design and research initiatives to improve the value of the Wiluna Uranium Project. All work streams are geared to ensure the Wiluna Uranium Project is capable of being financed and brought into production as and when economic conditions justify the development.



Figure 1 – Location of the Wiluna Uranium Project



Approvals and Community

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) in Western Australia.

The approval complements the federal 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) that approved the development of a uranium mine comprising the Centipede and Lake Way deposits and associated processing plant and infrastructure.

The effect of the two federal approvals is that the assessment process under the EPBC Act 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.

On 9 January 2017 the then Western Australian Minister for Environment; Heritage, the Hon. Albert Jacob MLA, approved a revised proposal for the Wiluna Uranium Project. The Minister's consent is documented in Ministerial Statement 1051.

The full State and Federal government approval documents were published as annexures to the ASX release dated 10 July 2017. Toro is considering the implementation conditions outlined in the various government approvals.

In July 2016 negotiations were finalised for a mining agreement with the Wiluna /Tarlpa Native Title Holders following seven years of negotiation. The agreement was signed and ratified by a community meeting at Wiluna on 6 July 2016. The agreement is comprehensive and provides compensation for effects of the Project on native title and cultural heritage, as well as covering a range of other important issues including environmental management and protection, liaison between Toro and the Native Title Holders, and employment and business development opportunities. The agreement also includes a detailed Cultural Heritage Management Plan. The agreement covers proposed mining at Millipede, Centipede and Lake Way as well as the project infrastructure and processing facilities.

Toro is also engaging with the Barwidjee People who claim an interest in land on which mining at Lake Maitland is proposed to be undertaken.

Technical and Research and Development Programs

As announced to the ASX on 20 April 2018, during the year the Company advanced to the next stage of its Beneficiation and Process Design studies for the Wiluna Uranium Project (**BPD Studies**), which were conducted by Strategic Metallurgy Pty Ltd. The key outcome of the BPD Studies to date has been a re-design of the process flow sheet that has the potential to reduce the capital cost of the proposed hydrometallurgical plant by more than 40% to approximately \$78M and to reduce the processing operating cost to approximately \$16/t run-of-mine (RoM) feed (as shown by the study presented in Toro's ASX announcement of 5 December 2016). The success of the BPD Studies to date is based on the improved understanding of the different lithologies and uranium associations of the Wiluna deposits, and the novel application of conventional technologies to the processing flow sheet. Beneficiation not only delivered an upgraded uranium concentrate to the leach circuit but also provided the opportunity to investigate filtration and wash cycles prior to the leaching stage. The result is a more efficient hydrometallurgical circuit with potentially significant improvements to capital and operating costs. Please refer also to the Company's ASX announcements of 5 December 2016 and 30 January 2018. As announced to the ASX on 20 June 2018, the latest results of the BPD Studies are a significant improvement on the previous result, which had already confirmed the potential to substantially decrease the size of the leach circuit and decrease the leach residence time required for the treatment of Lake Maitland beneficiated concentrates¹.

The first step in the next stage of the BPD Studies was to work on improving the leach circuit and the characteristics of the pregnant leach solution (**PLS**), which could also lead to flow-on improvements downstream from the leach in the hydrometallurgical plant. Importantly, the next stage of the BPD studies is also focused on bulk Clay80 samples² that include amounts of other lithology types likely to be encountered in the mining of the Lake Maitland deposit if grade control measures could be relaxed, hence enable efficiencies to be developed in the mining stage of the project also. To start the next stage three leach tests were performed on a single beneficiated concentrate (Mets065 – Clay80)² to find the

¹ Refer to the Company's ASX announcement of 20 June 2018.

² Refer to the Company's ASX announcement of 30 January 2018 for sample details and beneficiation results.



optimum leach conditions for the main tests to follow. The first test was undertaken to confirm the leaching characteristics from the first stage scoping level BPD Studies in 2016. The second test was performed to leach the concentrate at a higher pulp density to assess the leaching characteristics at high pulp densities and to increase the leach liquor tenor. The third test was aimed at pushing the pulp densities to the highest possible without losing efficiencies, after the success of the second test. The outcomes of the third leach test on the beneficiated concentrate Mets065 include:

- the calculated leach tank capacity required for leaching Clay80 beneficiated concentrates was reduced to approximately one third of that of the 2016 BPD Study, a more than 25% improvement on the previous test²;
- residence time was the same as the previous test, one third of the 2016 BPD Study;
- continued confirmation that carbonate leaching can be used on the Clay80 beneficiated concentrates; and
- that higher pulp densities (as much as 58% solids content) can be used in leaching without losing extraction efficiency.

Running the leach at higher pulp density has a number of advantages, namely:

- reducing the size of reaction vessels;
- increasing leach liquor concentration;
- reducing equipment size downstream; and
- decreasing reagent consumption, steam and process water.

The results of this third leach test highlight that there are even greater size reduction possibilities in both the leach circuit and in all plant equipment downstream of it than previously thought from the recent successful test work.

Further information about the results of the BPD Studies and the phase 2 test work can be found in the Company's announcements of 5 December 2016, 30 January 2018, 20 April 2018, 20 June 2018 and 12 September 2018.

Project Financing

The Company continued its active engagement with potential providers of financing for the Wiluna Uranium Project. A share purchase plan was undertaken by the Company after the end of the period, details of which are set out below.

Tenements

Toro reduced its holdings of non-core tenements at the Project and in its broader exploration portfolio.

Exploration

During the year the Company assessed the non-uranium prospectivity within its Lake Maitland tenure, known as the **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.

During the year a high resolution ground based gravity survey was undertaken at the Yandal Gold Project along 118 east-west lines at a station interval of 100m for approximately 5100 stations. The gravity survey was conducted in conjunction with a passive seismic survey consisting of 609 stations along 29 lines. Please see the Company's ASX announcement of 23 May 2018 for further information regarding the gravity and passive seismic surveys including maps showing the location of the lines surveyed. Following completion of the gravity survey the Company commenced the target generation phase, assessing the geological information provided by the interpretation of the high resolution airborne magnetic and ground gravity geophysical surveys in line with research on Yandal style gold mineralisation. This will enable the Company to locate exploration targets and prioritise them according to prospectivity.

A first phase exploration drilling program, including extensive aircore drilling aimed at sampling the basement for gold and pathfinders, is planned to commence by the start of Q4 2018.

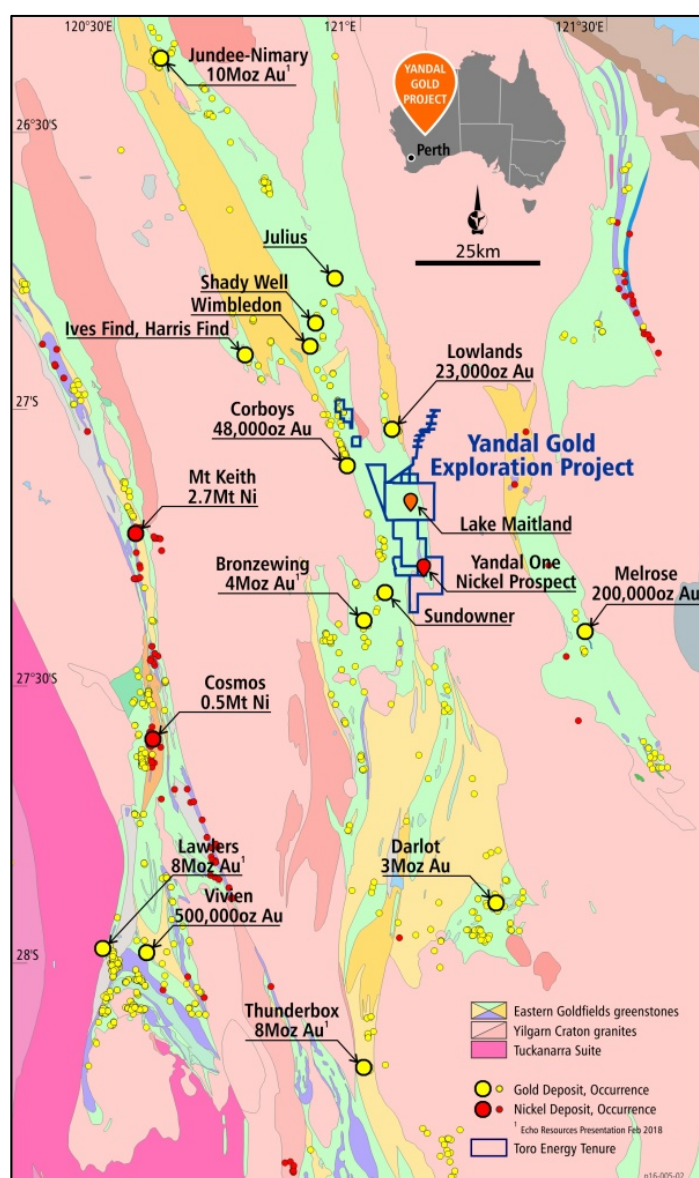


Figure 2: Location of Toro's Yandal Gold Project within the high yielding Yandal Gold District, showing the Yandal Greenstone Belt running through the project area according to state government mapping, the location of gold deposits and occurrences and the three major gold producing operating centres,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

Toro continued to evaluate and reduce its exploration holdings at the Theseus Uranium Project, the Lake Mackay region of Western Australia and the Northern Territory. The Company has applied for retention status for the Theseus resource with the Western Australian State Government in order to reduce expenditure commitments on the ground.

The Company's net loss after income tax was \$4,298,679 (2017: \$39,741,819). Included in the loss were non-cash impairment expenses of \$683,031 relating primarily to an assessment of the extent to which impairment triggers have impacted on the carrying value of capitalised exploration and evaluation expenses for the Wiluna Uranium Project.

Significant Changes in the State of Affairs

None noted.

Dividends

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



Events Arising Since the End of the Reporting Period

Subsequent to the end of the year, as announced to the ASX on 12 September 2018, the Company completed the leach test work being conducted with Strategic Metallurgy Pty Ltd in respect of the Wiluna Uranium Project BPD Studies. The results of the final phase of that test work far exceeded the Company's expectations, with efficiencies, pulp densities and post leach liquor tenors significantly better than those of the initial BPD Studies. These results confirm and further enhance the potential to substantially decrease the size of the leach circuit and decrease the leach residence time required for the treatment of Lake Maitland beneficiated concentrates, and in doing so, to significantly reduce the cost of constructing and operating the Project's proposed hydrometallurgical plant.

The potential outcomes of this leach testing will affect the economics of the hydrometallurgy plant treating Lake Maitland ore samples as follows:

- the calculated leach tank capacity required for leaching Clay80 beneficiated concentrates has the potential to be reduced to approximately one third of that of the 2016 BPD Study,
- residence time in the leach circuit may be reduced to one third of the 2016 BPD Study;
- all reaction vessels could be reduced in size;
- the increase in post-leach liquor concentration will reduce equipment size downstream of the leach; and
- there could be a significant decrease in reagent consumption, as well as steam and process water use.

These outcomes will potentially allow further reductions in the capital and operating costs of the hydrometallurgical plant for the Project beyond and in excess of those already highlighted in the Company's previous BPD Studies.

A cost saving measure was also tested in the beneficiation stage of the samples tested. All leach tests were performed on samples that had been beneficiated using screens with a gauge over six times larger than that used in the original testing. The move from 0.075mm screens to 0.5mm screens without having any effect on leaching demonstrates that only large, simple and lower cost conventional screening is necessary for the new proposed beneficiation circuit.

Following from the successful leach tests, the company has recently completed ion exchange (**IX**) testing on the pregnant leach solution (**PLS**) from the leach tests to ascertain if the IX circuit proposed in the earlier BPD studies, where IX only played a minor role treating the washings from the leach discharge filter, could now be up-scaled to also treat the primary filtered leach itself. The IX testing was a success, demonstrating that the IX circuit can now be up-scaled in the potential new processing design and that doing so is likely to substantially reduce the capital and operational cost of the downstream uranium extraction facility (commonly referred to as the Sodium Diuranate Precipitation or **SDU** circuit).

The IX tests were conducted on the PLS produced from the recent leach test work on four bulk Lake Maitland Clay80 samples³. The exact composition of the liquor used for the tests was achieved by blending the primary filtrates and the wash filtrates generated from the recent leach tests. Salt was also added to achieve certain target chloride concentrations. Further details of the tests and their significance to a newly designed hydrometallurgical plant focused on Lake Maitland ore can be found in the Company's ASX announcement of 19 September 2018.

The main outcomes of the IX testing are as follows:

- the successful tests show that upscaling the IX circuit to treat both filtered PLS and washings from the leach discharge filter will increase the concentration of uranium in the feed to the extraction facility (SDU plant) by over three times³ that in the original BPD studies and therefore allow the extraction facility to be reduced to as much as a third its size;
- the substantial increase in uranium concentration in the feed to the extraction facility will also lead to a significant reduction in reagent cost due to much less reagent being needed to precipitate and extract the uranium;
- the resin used in the IX testing of the PLS from the leach testing³ was shown to be well over 99% efficient at stripping uranium from solution, leaving only 4ppm uranium in the eluate;
- the tests have shown that even at chloride concentrations substantially higher than anticipated, the use of ion exchange is still an efficient means for uranium concentration; and

³ Please refer to the Company's ASX announcement of 12 September 2018.



- the success of the IX tests on the PLS can be attributed entirely to the success of the de-slime and filtration/wash processes at removing chloride from the system (chloride competes with uranium for attaching to the resin).

Toro will now move to the modelling phase of the BPD Studies prior to costing out, both for construction and operationally, the new processing flow sheet design.

Subsequent to the end of the year the Company completed a share purchase plan (**SPP**). Under the SPP eligible shareholders were offered the opportunity to acquire up to \$15,000 of fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.025 per New Share, being up to 600,000 New Shares per eligible shareholder, without incurring brokerage or other transactional charges. The issue price of \$0.025 per New Share was equal to the 52 week low price for fully paid ordinary shares in the Company (**Shares**) traded on ASX and represented a 17% discount to the 90 day volume weighted average Share price (in each case having regard to the Share price as at the date of the announcement of the SPP). Please see the Company's ASX announcements of 31 May 2018 for further information about the terms and conditions of the SPP.

The SPP closed after the end of the year on 2 July 2018. As announced to the ASX on 6 July 2018 the Company raised in excess of \$3.8 million by the issue of 153,222,417 New Shares pursuant to the SPP. Funds raised by the Company in connection with the SPP will be applied to technological advancements to reduce the capital and operating expenses in the uranium process flow sheet for the Wiluna Uranium Project by undertaking further beneficiation and process studies, to activities and studies to advance exploration for gold on the Company's Yandal Gold Project, located within the world class Yandal gold district, and for general working capital.

After the end of the year on 31 July 2018 an agreement was reached with The Sentient Group (**Sentient**) to extend the date for repayment of the \$6,000,000 loan facility made available by Sentient to the Company (**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 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**). In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of 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 Shares. Further details of the terms and conditions of the Sentient Loan are set out in the Company's ASX Announcement of 11 June 2015.

Other than the above no other matters or circumstances have arisen since the end of the financial reporting year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Development, Business Strategies and Prospects

The Company intends to continue to undertake appropriate levels of exploration and evaluation of its tenement portfolio with a particular emphasis on advancing technical, research and development and financing activities for the Wiluna Uranium Project and exploration activities on its Yandal Gold Project, and to seek new project and investment opportunities.

Directors' Meetings

The number of Directors' Meetings (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

Director's name	Board meetings		Audit and Risk Committee	
	Attended	Entitled to Attend	Attended	Entitled to Attend
Richard Homsany	7	7	2	2
Richard Patricio	7	7	2	2
Michel Marier	7	7	2	2

On 1 January 2018 the Company's Audit and Risk Committee was disbanded and its functions absorbed by the full Board.



Unissued Shares Under Option

Unissued ordinary shares of Toro under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares (\$)	Number of options
20 December 2017	20 December 2022	0.05075	30,000,000
31 March 2018	31 March 2021	0.045	12,750,000

No options were exercised during the year or subsequent to year end. During the year no options expired unexercised. Subsequent to year end 75,000,000 options expired unexercised.

Performance Rights

There are nil performance rights on issue at the date of this report.

Remuneration Report (Audited)

The Directors of the Group present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel (**KMP**), prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based remuneration;
- Bonuses included in remuneration; and
- Other information.

a. Principles used to determine the nature and amount of remuneration

The Board is responsible for determining remuneration policies applicable to Directors and Senior Executives of the Company. The 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.

Key Management Personnel Remuneration, Performance Evaluation and Equity Holdings

The Company's Audit and Risk Committee was disbanded on 1 January 2018 and its responsibilities and functions absorbed by the full Board of Directors. The Board has ultimate responsibility for the following remuneration matters:

- Remuneration of Toro Group Non-Executive Directors;
- Remuneration and incentive framework for the Managing Director; and
- Incentive framework for all staff.

The Managing Director, or where the position is not filled, the Chairman, has the delegated authority to review and authorise the remuneration of executives, senior management and staff.

The policy aims to align director, executive and senior manager objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short term and long-term incentives based on key performance areas affecting the Company's share market performance and financial position. Performance against these key performance indicators is reviewed annually.

The Non-Executive Directors and other Executives receive a superannuation guarantee contribution required by the government, which for the current 2017/18 financial year was 9.50%, 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 and to the extent that the remuneration relates to services related to exploration and evaluation activities on the Company's mineral tenements may be capitalised.

Executives are also entitled to participate in the Toro Energy Limited Securities Incentive Plan. Options are valued at the time of issue using the Black Scholes methodology. Performance Rights are valued using the Company's share price at grant date and an estimated probability of achieving the performance hurdles.

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.



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.

Current Senior Executives

The Company's Executive Chairman Richard Homsany is regarded as the Company's only current Executive. General Manager and Company Secretary Andrew Worland resigned and ceased to be an Executive during the year.

Mr Homsany serves as Executive Chairman based on a resolution of the Board of Directors effective 1 January 2017. No service agreement has yet been entered with Mr Homsany. Pursuant to a Board resolution, Mr Homsany's related entity Cardinals Corporate Pty Ltd (**Cardinals**) receives remuneration of \$20,151 per month, before GST. There are no termination benefits or notice periods stipulated in the Board resolution. Mr Homsany also receives Directors' fees pursuant to an existing services contract for \$49,350 per annum plus superannuation.



b. Details of remuneration

Details of the nature and amount of each element of the remuneration of each KMP of Toro are shown in the table below (A\$):

		Short term benefits			Post employment benefits	Long-term benefits		Share- based payments			Performance based % of remuneration
Director and other KMP	Year	Cash salary and fees	Cash bonus	Non-monetary benefits	Super	Long service leave	Termination benefits	Shares issued in lieu of cash salary	Options	Total	
Executive Directors											
Richard Homsany ¹	2018	266,856	-	-	4,688	-	-	-	205,000	476,544	-
	2017	96,600	-	-	-	-	-	-	-	96,600	-
Vanessa Guthrie ²	2018	-	-	-	-	-	-	-	-	-	-
	2017	215,407	-	-	20,846	-	402,000	-	-	638,253	-
Sub-total	2018	266,856	-	-	4,688	-	-	-	205,000	476,544,	-
	2017	312,007	-	-	20,846	-	402,000	-	-	734,853	-
Non-Executive Directors											
Richard Homsany ³	2018	-	-	-	-	-	-	-	-	-	-
	2017	40,367	-	-	3,835	-	-	-	-	44,202	-
Richard Patricio	2018	49,350	-	-	-	-	-	-	102,500	151,850	-
	2017	40,367	-	-	-	-	-	-	-	40,367	-
Michel Marier	2018	49,350	-	-	-	-	-	-	102,500 ⁴	151,850	-
	2017	40,367	-	-	-	-	-	-	-	40,367	-
John Cahill ⁵	2018	-	-	-	-	-	-	-	-	-	-
	2017	28,134	-	-	2,673	-	-	-	-	30,807	-

¹Appointed executive Director on 1 January 2017

²Terminated 5 December 2016

³Appointed executive Director on 1 January 2017

⁴Director options for Mr Marier were issued to his employer, The Sentient Group, and as such Mr Marier does not have any personal interest in those options

⁵Resigned 31 December 2016



Director and other KMP	Year	Short term benefits			Post employment benefits	Long-term benefits		Share- based payments		Total	Performance based % of remuneration
		Cash salary and fees	Cash bonus	Non-monetary benefits		Long service leave	Termination benefits	Shares issued in lieu of cash salary	Options		
Tim Netscher ⁶	2018	-	-	-	-	-	-	-	-	-	-
	2017	-	-	-	1,204	-	-	7,973	-	9,177	-
Sub-total	2018	98,700	-	-	-	-	-	-	205,000	303,700	
	2017	149,235	-	-	6,508	-	-	7,973	-	164,920	
Other KMP											
Todd Alder ⁷	2018	-	-	-	-	-	-	-	-	-	-
	2017	143,939	-	-	8,173	-	162,924	-	-	315,036	-
Andrew Worland ⁸	2018	170,389	-	-	9,807	-	-	-	22,633	202,829	-
	2017	163,557	-	-	11,443	-	-	-	-	175,000	-
Sub-total	2018	170,389	-	-	9,807	-	-	-	22,633	202,829	
	2017	307,496	-	-	19,616	-	162,924	-	-	490,036	
Total	2018	535,945	-	-	14,495	-	-	-	432,633	983,073	
	2017	768,738	-	-	48,174	-	564,924	7,973	-	1,389,809	

⁶Resigned 1 September 2016

⁷Ceased employment 6 December 2016

⁸Appointed to KMP on 6 December 2016, resigned as Company Secretary on 31 October 2017 and ceased employment 31 December 2017.



The relative proportions of remuneration for current Directors and other KMP that are linked to performance and those that are fixed are as follows:

Director and other KMP	Fixed remuneration	At risk: Short Term Incentives (STI)	At risk: options / performance rights
Executive Directors			
Richard Homsany	100%	-	-
Non-Executive Directors			
Richard Homsany	100%	-	-
Richard Patricio	100%	-	-
Michel Marier	100%	-	-
Other KMP			
Andrew Worland	100%	-	-

Since the long-term incentives have been provided exclusively by way of options or performance rights, the percentages disclosed also reflect the value of remuneration consisting of options, performance rights based on the value of options or performance rights expensed during the year.

c. Service agreements

Details of service agreements are outlined under section a.

d. Share-based remuneration

During the financial year 15,000,000 options exercisable at \$0.05075 on or before 22 December 2022 (**Director Options**) were issued to Chairman Mr Richard Homsany. A further 7,500,000 Director Options were issued to Non-Executive Director Mr Richard Patricio. The 7,500,000 Director Options that Non-Executive Director Mr Michel Marier was entitled to be issued were issued to Mr Marier's employer, The Sentient Group, and so Mr Marier does not have a personal interest in those Director Options. 2,000,000 options exercisable at \$0.045 on or before 31 March 2021 were issued to KMP Mr Andrew Worland. There have been no performance rights granted to Directors or other KMP during the financial year.

e. Bonuses included in remuneration

No bonuses were awarded to Directors or other KMP in the financial year or prior financial year.

f. Other information

The number of ordinary shares in the Company held by each of the Director's and the Group's other KMP during the 2018 reporting period, including their related parties, is set out below:

	Balance at start of year or date of appointment	Granted as remuneration	Received on exercise of options / vesting of performance rights	Other changes	Held at the end of the reporting period or date of departure
Richard Homsany	-	-	-	-	-
Richard Patricio	-	-	-	-	-
Michel Marier	-	-	-	-	-
Andrew Worland	-	-	-	-	-
	Nil	Nil	Nil	Nil	Nil

The number of options in the Company held by each of the Directors and other KMP during the 2018 reporting period, including their related parties, is set out below:



	Balance at start of year or date of appointment	Granted as remuneration	Exercised	Expired	Held at the end of the reporting period or date of departure
Richard Homsany	-	15,000,000	-	-	15,00,000
Richard Patricio	-	7,500,000	-	-	7,500,000
Michel Marier ¹	-	-	-	-	-
Andrew Worland	-	2,000,000	-	-	2,000,000
	Nil	22,700,000	-	Nil	22,700,000

¹7,500,000 Director Options that Non-Executive Director Mr Michel Marier was entitled to be issued were issued to Mr Marier's employer, The Sentient Group, and so Mr Marier does not have a personal interest in those options. The Director Options are exercisable at \$0.05075 on or before 22 December 2022. For details of the valuation of the Director Options please refer to Note 15 – Share based payments.

No performance rights in the Company were held by the Directors or other KMP (or their related parties) during the 2018 reporting period.

Transactions with Directors or other KMP

The Company has not made any loans to Directors or other KMP during the financial year or prior financial year.

During the financial year Cardinals Corporate Pty Ltd provided legal services to the Company to a total value of \$71,345 (2017: \$Nil). Richard Homsany is the principal of Cardinals Corporate Pty Ltd. The legal services were provided on an arm's length basis in accordance with a schedule of rates agreed with the Company that is consistent with standard industry terms and conditions.

Toro's current registered office and principal place of business is at 60 Havelock St West Perth WA. The head lessor of the premises is Mega Redport Pty Ltd, a subsidiary of Mega Uranium Ltd which is a related party of the Company and of which Mr Richard Patricio is the Chief Executive Officer and President and of which Mr Richard Homsany is the Executive Vice President, Australia. During the financial year the Company paid Mega Redport Pty Ltd the amount of \$129,281 in payment of rent, outgoings and expenses in respect of Toro's occupation of the premises.

Other

The Company has not engaged external remuneration consultants to advise the Board on remuneration matters but has sought advice on the termination of employment contracts during the financial year and redundancies offered to employees during the financial year. The Company received 97.91% of 'yes' votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year on its remuneration practises.

This concludes the Remuneration Report, which has been audited.

Environmental Legislation

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

Indemnities Given to, and Insurance Premiums Paid for, Auditors 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 \$22,637 (2017: \$21,648). 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.



To the extent permitted by law, the Company has agreed to indemnify its auditors Grant Thornton against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including reasonable legal costs.

Non-audit Services

Grant Thornton, in its capacity as auditor for the Group, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2018 as required under section 307C of the *Corporations Act 2001* has been received and can be found on the following page.

Proceedings

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

Signed in accordance with a resolution of the Directors

Richard Homsany
Executive Chairman
28 September 2018

Cautionary Statement

The BDP Studies are based on lower-level technical and economic assessments and are insufficient to provide certainty that the conclusions of the BPD Studies will be realised. Further, the Company cautions that there is no certainty that the forecast financial information contained in the BPD Studies will be realised. All material assumptions underpinning the forecast financial information are set out in this announcement. This forecasted financial information is deduced from an underlying mining production rate deemed possible due to the size of the Mineral Resources at Lake Maitland. Refer ASX announcement dated 1 February 2015 that shows Lake Maitland deposit has sufficient Mineral Resources to support a 2Mt/a mining operation. The estimated mineral resources underpinning the BPD Studies have been prepared by competent persons in accordance with the current JORC Code 2012 Edition and the current ASX Listing Rules. Toro has concluded it has a reasonable basis for providing the forward looking statement included in this announcement. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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 2018, 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 AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner – Audit & Assurance

Perth, 28 September 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
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CORPORATE GOVERNANCE STATEMENT

The Board is committed to preserving and enhancing shareholder value through adhering to the highest standards of corporate governance across all of its activities. Fundamental to this commitment is transparent reporting of compliance with current guidelines.

As such, the Company has adopted the Corporate Governance Principles and Recommendations 3rd Edition which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement is current as of 28 September 2018 and it has been approved by the Board and follows. The Company's charters and policies can be found at its website at <http://www.toroenergy.com.au/corporate/corporate-governance/> .



Corporate Governance Council recommendation principles		Status
1	Lay solid foundations for management and oversight	
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) The respective roles and responsibilities of its board and management; and (b) Those matters expressly reserved to the board and those delegated to management 	<p>Comply</p> <p>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 or equivalent.</p> <p>The key responsibilities of the Board include:</p> <ul style="list-style-type: none"> • charting 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; reviewing the performance of, and succession planning for, the Managing Director or equivalent; 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; and • ensuring that the Company meets its legal and statutory obligations. <p>In performing these responsibilities the Board acts in a manner designed to create and build sustainable value for all shareholders in accordance with the duties and obligations imposed upon them by the Company's Constitution and by law.</p> <p>For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required and regularly reviews the division of responsibility between the Board and management. To view the Company's Board Charter please refer the Company's website.</p> <p>The Company's Managing Director or equivalent and key executives are responsible for implementing the strategic objectives with appropriate reference to the risk framework as set by the Board and all aspects of the day-to-day operation of the Company.</p>



Corporate Governance Council recommendation principles		Status
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director. 	<p>Comply</p> <p>The Company has an agreed process for the selection, nomination and appointment of Directors guided by the Board. An integral part of this process requires that the Board ascertain the qualifications and experience that a potential candidate should possess prior to shortlisting candidates. Appropriate background checks are carried out on any potential candidates before a person is appointed by the Board or put forward as a candidate for election as a Director.</p> <p>Before each Annual General Meeting, the Board internally determines the suitability of candidates for re-election as Directors. Factors influencing this decision include the outcome of annual (or other) Board performance reviews and any other relevant matters. Sufficient background information including biographical detail, other directorships and status as independent or otherwise, is then provided in the Notice of Meeting for shareholders to inform them appropriately of potential candidates.</p>
1.3	<p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>Partially comply</p> <p>The Company has written agreements in place with all Non-Executive Directors (which includes a signed consent to act) and key executives with the exception of the Executive Chairman who was appointed by the Board of Directors on 1 January 2017. Such agreements stipulate, amongst other items, in the case of Non-Executive Directors the time commitment envisaged, remuneration and term of appointment and confidentiality obligations. In the case of key executives additional items include the reporting structure applicable to the executive and their duties and responsibilities in the role as well as termination provisions and benefits.</p>
1.4	<p>The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	<p>Comply</p> <p>The Company Secretary reports directly to the Board through the Chairman on Board matters and all Directors have access to the Company Secretary. The Company Secretary's responsibilities include advising the Board on governance matters, monitoring board and committee policy and procedures, ensuring conduct at Board meetings is accurately reflected in minutes and that appropriate induction of new directors is facilitated. The Company Secretary also performs a management function and on these operational matters reports directly to the Managing Director and Chief Executive Officer where that position is filled otherwise continues to report to the Chairman.</p>



Corporate Governance Council recommendation principles		Status
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either: i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executives" for these purposes); or ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act. 	<p>Comply</p> <p>The Company has established a diversity policy which is available at the Company's website. The Company is cognisant of the positive impacts that diversity may bring to an organisation and as such the Company continues to assess all staff and Board appointments on their merits with consideration to diversity as a driver in decision making. The Managing Director and Chief Executive Officer or equivalent is responsible for monitoring Company progress on diversity and reports to the Nomination and Remuneration Committee or the Board directly on the effectiveness of diversity related initiatives. At the end of the reporting period the Company's Board consisted of three personnel and one full time staff member, each of whom were male. The Company has a wide number of consultants and contractors of both genders. During the course of the current reporting period the Company had up to four female employees of a total employee count (inclusive of Directors) of eight (50%).</p> <p>The Company has adopted measurable objectives for the 2019 year to maintain or improve the current level of female participation across the Company and promote flexible working arrangements within the Company to encourage work place diversity.</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors, and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process 	<p>Comply</p> <p>The Company conducts board performance reviews annually. The results of each performance reviews will be documented and its achievements monitored by the Board on an ongoing basis. In relation to new appointments, induction procedures and materials outlining industry information, the Company's financial position, strategy and operations are made available to the incumbents.</p>



Corporate Governance Council recommendation principles		Status
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with the process. 	<p>Comply</p> <p>Recognising that the performance of key executives and management is integrally linked to the performance of the Company, a performance evaluation of key executives is conducted annually in accordance with the processes outlined in the Remuneration Report. Performance of key management is reviewed annually by the Board and Managing Director or equivalent and has been conducted for the reporting period.</p>
2	Structure the Board to add value	
2.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent, and (ii) is chaired by an independent director; and disclose (iii) the charter of the committee, (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. 	<p>Comply</p> <p>All nomination related matters are discussed by the full Board. While the Board recognises this situation does not comply with the Corporate Governance Principles and Recommendations it notes that the duties of the Nominations Committee are effectively discharged by the full Board.</p>



Corporate Governance Council recommendation principles		Status
2.2	A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>Comply</p> <p>The Company recognises that the adoption and disclosure of a Board skills matrix assists in providing confidence to shareholders. The Company considers that the members of its Board contribute the skills vital to the continued success of the Company and in the event that there are additional skills required these are outsourced where necessary to the Company's independent advisers. The Company has identified particular skills and attributes important to the Company at its current stage of development and with a view to its future needs. These skills are listed below:</p> <ul style="list-style-type: none"> • Leadership experience • Technical and geological expertise • Finance and treasury expertise, particularly in the energy utilities sector • Legal expertise especially in the corporate and public listed entity environment • International company expertise and business acumen.
2.3	<p>A listed entity should disclose:</p> <ol style="list-style-type: none"> (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the Director; (c) the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (d) the length of service of each Director. 	<p>Comply</p> <p>None of the current Directors of the Company are considered independent as they each are either employed by and/or are Directors or employees of major shareholders of the Company.</p> <p>As at 28 September 2018 the length of service of the other currently serving directors is as follows:</p> <ul style="list-style-type: none"> • Mr Richard Homsany – 4 years 10 months • Mr Michel Marier – 3 years 8 months • Mr Richard Patricio – 4 years 10 months
2.4	A majority of the Board of a listed entity should be independent Directors.	<p>Does not comply</p> <p>At the time of reporting there are three Directors on the Company Board, none of whom are considered independent with regards to the criteria established in the ASX Corporate Governance Councils Principles and Recommendations.</p>
2.5	The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	<p>Does not comply</p> <p>The duties of the Executive Chairman of the Company include those ordinarily assumed by the Managing Director and Chief Executive Officer.</p>
2.6	A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>Comply</p> <p>The letter of appointment and induction pack provided to new Directors when appointed covers sufficient information as regards the Company's internal policies and operations as well as general requirements of Directors, for them to adequately perform their duties as Directors. Continuing professional education and opportunities for technical skill enhancement are made available to the Board at appropriate times.</p>



Corporate Governance Council recommendation principles		Status
3	Promote ethical and responsible decision making	
3.1	<p>A listed entity should:</p> <ul style="list-style-type: none">(a) have a code of conduct for its Directors, senior Executives and employees; and(b) disclose that code or a summary of it.	<p>Comply</p> <p>The Company recognises that acting ethically and responsibly goes much further than simple compliance with governing law and regulations and that in order to retain the respect and confidence of stakeholders the Company must create a culture throughout the entity that promotes ethical and responsible behaviour. The Company has an established code of conduct for employees which outlines the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibilities of individuals for reporting and investigating reports of unethical practices. The code of conduct is available on the Company's website.</p>



Corporate Governance Council recommendation principles		Status
4	Safeguard integrity in corporate reporting	
4.1	<p>The Board of a listed entity should:</p> <p>(a) have an audit committee which;</p> <p>(i) has at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director who is not the Chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including that processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Does not comply</p> <p>Due to the reduction in board size the Company's Audit and Risk committee was disbanded effective 1 January 2018. All audit related matters are now discussed by the full Board. While the Board recognises this situation does not comply with the Corporate Governance Principles and Recommendations it notes that the duties of the Audit Committee are effectively discharged by the full Board.</p> <p>None of the current Directors of the Company are considered independent as they each are either employed by and / or are Directors or employees of major shareholders of the Company.</p>
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<p>Comply</p> <p>The Executive Chairman and General Manager and Company Secretary have stated in writing to the Board that the Company's financial reports for the year ended 30 June 2018 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 was the confirmation that the Company's risk management and internal controls are operating efficiently and effectively.</p>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its annual general meeting and is available to answer questions from security holders relevant to the audit.	<p>Comply</p> <p>The Company's external auditor attends every annual general meeting and is available to answers questions relevant to the audit.</p>



Corporate Governance Council recommendation principles		Status
5	Make timely and balance disclosure	
5.1	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	<p>Comply</p> <p>The Company has an established continuous disclosure policy designed to ensure that all investors have equal and timely access to material information relating to the Company. The policy articulates the type of information that needs disclosure, the process of internal notification, the roles and responsibilities in the disclosure process, the process of promoting an understanding of disclosure requirements and external media and analysts communication protocols. This policy is available at the Company's website.</p>
6	Respect the rights of security holders	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>Comply</p> <p>The Company has a detailed website which is maintained regularly to ensure accuracy of information. Investors and stakeholders can access all ASX announcements, presentations, annual financial statements and corporate governance information on this website. Company announcements available on the website are presented in a clear and balanced way containing both positive and negative information. The Company's senior management regularly participate in investor roadshows and conferences and those presentations are uploaded to the website.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>Comply</p> <p>The Company has an established Communications Policy that articulates how the Company will communicate with stakeholders to enhance their understanding of the Company, its business, policies, financial performance and progress. The Company website provides the opportunity for interested parties to join the mailing list to receive regular updates. The Communications Policy can be accessed at the Company's website.</p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>Comply</p> <p>The Company recognises the importance of shareholder meetings as a forum for communication and has an established Communications Policy that articulates how the Company will communicate with its shareholders including attendance at shareholder meetings. The Communications Policy is available at the Company's website.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>Comply</p> <p>The Company utilises the services of Computershare Investor Services Pty Ltd as its security registry and provides a link to their website from the Company's website so that security holders can obtain forms and select their method of interaction with the registry via its online portal.</p>



Corporate Governance Council recommendation principles		Status
7	Recognise and manage risk	
7.1	<p>The Board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which (i) has at least three members, a majority of whom are independent Directors, and (ii) is chaired by an independent Director; and disclose: (iii) the charter of this committee; and (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. 	<p>Does not comply</p> <p>Due to the reduction in board size the Company's Audit and Risk committee was disbanded effective 1 January 2018. All risk related matters are now discussed by the full Board. While the Board recognises this situation does not comply with the Corporate Governance Principles and Recommendations it notes that the duties of the Audit and Risk Committee are effectively discharged by the full Board.</p> <p>None of the current Directors of the Company are considered independent as they each are either employed by and/or are Directors or employees of major shareholders of the Company.</p>
7.2	<p>The Board or a committee of the Board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	<p>Comply</p> <p>The identification, monitoring and, where appropriate, the reduction of significant risk to the Company is undertaken by the full Board. The Board monitors the Company's material business risks and reports are compiled and considered at regular meetings where it has been established that the internal control system is operating effectively in all material aspects.</p>
7.3	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>Comply</p> <p>The Company does not have an internal audit function as it considers the ongoing processes in place for assessing risk and improving the effectiveness of internal controls to be adequate when supported by the external audit function. There is a register of internal controls and a register of risks reviewed and tested which are compiled as a result of a twice yearly risk profiling exercise undertaken by the executive and supported and reviewed by the Board. At this review the Company assesses the risks, probability of occurrence, likely impact and mitigation strategies in detail.</p>



Corporate Governance Council recommendation principles	Status
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Comply</p> <p>The Company's core operations are uranium mineral exploration, acquisition and development. There are inherent risks by virtue of the nature of its business including economic, environmental and social sustainability risks. The Company has in place policies and procedures, including a risk management framework, which is developed and updated to help manage these risks. A copy of this Charter is available for download from the Company's website. The Company regularly assesses economic, environmental and social sustainability risks for their materiality and any impact on the Company's ability to create or preserve value for security holders over the short, medium or long term.</p> <p>"Economic sustainability" – the long term ability of the listed entity to continue operating at a particular level of economic production.</p> <p>The ability to fund future operations during the Company's development phase is dependent on the equity, debt and uranium market. In this regard key practices undertaken by the Board and senior executives to manage economic sustainability risk are:</p> <ul style="list-style-type: none"> • Combining internal and external research to model uranium market price recovery and timing; • Alignment of working capital application with the anticipated recovery in the uranium market; • Investor relations programs designed to maintain open communication with shareholders, investors and debt providers; and • Cash management reviewed by the Board against approved budgets. <p>"Environmental sustainability" – the long term ability of a listed entity to continue operating in a manner that does not compromise the health of the eco-systems in which it operates.</p> <p>Toro is aware of its responsibility to have as little impact as possible on the environment, and where there is any disturbance to rehabilitate sites. Toro's Environmental Policy and exploration practices adhere to West Australian legislative and regulatory requirements as well as following state, national and international guidelines for best practice relating to uranium companies. Toro supports these approaches and is confident that it properly monitors and adheres to these guidelines.</p> <p>"Social sustainability" – the long term ability of a listed entity to continue operating in a manner that meets accepted social norms and needs.</p> <p>In considering its material social sustainability objectives Toro has regard to its Indigenous Relations Policy, Environmental Policy and its Community Policy. Toro is a signatory to the Mineral Council of Australia's Code of Enduring Value, these values can be accessed here Toro's consultation process incorporated state, federal and local government agencies, Aboriginal people and representative organisations, and non-government organisations, and local and regional communities. Toro's community and stakeholder consultation program has adopted best practice guidelines including the Core Values for Public Participation (IAP2, 2010) and the Performance Standards and Guidelines on Impactive Stakeholder Engagement (IFC, 2006.)</p>



Corporate Governance Council recommendation principles		Status
		A socio-economic impact assessment was commissioned to identify and understand social impacts and recommend means to maximise opportunities and benefits for communities and minimise potential adverse impacts. Bush Tucker surveys were commissioned to consider and identify plant species having value for traditional owners. Toro has been undertaking heritage surveys with the Traditional Owners since 2007 utilising the services of the Traditional Owners assisted by anthropologists and archaeologists.
8	Remunerate fair and responsibly	
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which; (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director; and disclose: (iii) the charter for the committee; (iv) the members of the committee; and (v) as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of members at those meetings; or:</p> <p>(b) if it does not have a remuneration committee disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior Executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Does not comply</p> <p>All remuneration matters are discussed by the full Board. While the Board recognises this situation does not comply with the Corporate Governance Principles and Recommendations it notes that the duties of the remuneration committee are effectively discharged by the full Board. The Board acknowledges the objectives of a remuneration policy to attract and retain high calibre employees and to reward them fairly while complying with the legal framework appropriate to remuneration.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of Non-Executive directors and the remuneration of executive directors and other senior executives.	<p>Comply</p> <p>The Company has a clearly distinguished structure of Non-Executive Directors' remuneration from that of Executive Directors and senior Executives. The Company is required to disclose in its annual report details of remuneration to directors. Please refer to the Remuneration Report for details regarding the remuneration structure of Executive and Non-Executive Directors and the Managing Director and senior Executives.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Comply</p> <p>The Company has a Securities Incentive Plan (SIP) which entitles all employees to participate. Securities are granted at the discretion of the Board. A summary of the SIP. The Securities Trading policy which governs permitted trading and transactions, including in respect of employees, is available at the Company's website.</p>



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated	
		2018 \$	2017 \$
Other income	6(a)	119,915	1,785,152
Impairment of non-current assets	6(b)	(683,031)	(37,027,378)
Depreciation expense	6(b)	(125,831)	(202,575)
Finance costs	6(b)	(1,727,834)	(2,156,908)
Employee benefits expense	6(c)	(972,617)	(1,138,873)
Other expenses	6(d)	(909,281)	(1,001,237)
Loss before income tax expense		(4,298,679)	(39,741,819)
Income tax benefit	7	-	-
Loss for the year		(4,298,679)	(39,741,819)
Other comprehensive loss for the year net of tax		-	-
Total comprehensive loss for the year		(4,298,679)	(39,741,819)
Loss attributable to owners of the Company		(4,298,679)	(39,741,819)
Basic and diluted loss per share from continuing operations (cents per share)	8	0.21	1.98

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 30 JUNE 2018

		Consolidated	
	Note	2018 \$	2017\$
CURRENT ASSETS			
Cash and cash equivalents	9	4,367,641	6,629,739
Trade and other receivables	10	55,139	1,505,415
Other current assets	11	9,772	4,634
Total current assets		4,432,552	8,139,788
NON-CURRENT ASSETS			
Available for sale investments	12	21,938	41,808
Property, plant and equipment	13	689,898	798,095
Exploration and evaluation assets	14	55,771,769	54,907,446
Other non-current assets		5,000	-
Other receivables	10	1,038,000	-
Total non-current assets		57,526,605	55,747,349
Total assets		61,959,157	63,887,137
CURRENT LIABILITIES			
Trade and other payables	16	347,202	264,885
Provisions	17	91,899	68,634
Borrowings	18	15,901,763	14,173,929
Total current liabilities		16,340,864	14,507,448
NON-CURRENT LIABILITIES			
Provisions	17	124	17,129
Borrowings	18	-	-
Total non-current liabilities		124	17,129
Total liabilities		16,340,988	14,524,577
Net assets		45,618,169	49,362,560
EQUITY			
Issued capital	19	294,068,906	294,068,906
Reserves	20	1,949,290	1,395,000
Accumulated losses		(250,400,027)	(246,101,346)
Equity attributable to owners of the Company		45,618,169	49,362,560
Total equity		45,618,169	49,362,560

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated 2018 \$				Consolidated 2017 \$			
	Issued capital Note 19	Share reserve	Accumulated losses	Attributable to owners of the parent	Issued capital	Share reserve	Accumulated losses	Attributable to owners of the parent
Balance at the beginning of the year	294,068,906	1,395,000	(246,101,346)	49,362,560	294,060,933	3,074,356	(208,034,078)	89,101,211
Total comprehensive loss of the year	-	-	(4,298,679)	(4,298,679)	-	-	(39,741,819)	(39,741,819)
Performance rights exercised	-	-	-	-	-	(227,871)	227,871	-
Lapse of performance rights	-	-	-	-	-	(749,494)	749,494	-
Options issued	-	554,290	-	554,290	-	-	-	-
Expired options	-	-	-	-	-	(697,185)	697,185	-
Directors fees paid in shares	-	-	-	-	7,973	(4,806)	-	3,168
Balance at the end of the year	294,068,906	1,949,290	(250,400,027)	45,618,169	294,068,906	1,395,000	(246,101,346)	49,362,560

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



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	2018 \$	2017 \$
Cash flows from operating activities			
Payments to suppliers and employees		(825,724)	(2,747,288)
Interest received		112,178	259,579
R&D tax concession refund		-	703,884
Net cash used in operating activities	9	(713,546)	(1,783,825)
Cash flows from investing activities			
Security Bond		(5,000)	-
Purchase of property, plant and equipment		(17,634)	(809)
Proceeds from sale of exploration and evaluation assets		-	530,000
Payments for exploration and evaluation assets		(1,525,918)	(2,488,996)
Net cash used in investing activities		(1,548,552)	(1,959,805)
Net (decrease) / increase in cash and cash equivalents		(2,262,098)	(3,743,630)
Cash at the beginning of the financial year		6,629,739	10,373,369
Cash at the end of the financial year	9	4,367,641	6,629,739

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations

Toro Energy Limited and its Subsidiaries' (**Group**) principal activities include the development of the Wiluna Uranium Project, generating and investing in securities and financial instruments and new projects in uranium, though not exclusively, exploration and evaluation of its tenement holdings.

2. General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Toro is a for-profit entity for the purpose of preparing the financial statements. Toro Energy Limited is the Group's Ultimate Parent Company. Toro is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 60 Havelock Street West Perth WA 6005. The consolidated financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 28 September 2018.

3. Changes in accounting policies

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. These include:

- Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments);
- AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses;
- AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107; and
- AASB 2017-2: Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reporting for the current or prior periods.

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018. The entity has not yet undertaken an assessment of the impact of AASB 9 but based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

The Group does not recognise any revenue other than interest revenue and as such the Group does not believe the new standard will have a material impact in the financial statements when it is first adopted for the year ending 30 June 2020.



AASB 16 Leases

The new AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The Group does not recognise any operating leases other than the lease of the office/photocopiers etc. which is on a short term of three months and as such would not be required to recognise as a finance lease. Therefore the Group does not believe the standard will have a material impact in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

This Standard amends AASB 2: Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based transactions;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The entity is yet to undertake a detailed assessment of the impact of AASB 2016-5. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

4. Summary of accounting policies

4.1. Going concern

The consolidated financial statements have been prepared using the significant accounting policies and measurement basis 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 financial year ended 30 June 2018 of \$4,298,679 (2017: \$39,741,819), has current assets of \$4,432,552 and current liabilities of \$16,340,864. Within current liabilities is an amount 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 at the Company's election (refer Note 18(i)) for more information. Also within current liabilities is a loan due to Sentient with a face value of \$6,000,000 (**Sentient Loan**) (refer Note 18(ii) for more information). In the financial statements AASB 139 requires the full amount of \$6,000,000 to be discounted back to present value using a discount rate of 12% (being the Company's estimated weighted average cost of capital) which results in \$6 million recognised at 30 June 2018 being the amortised cost of the loan. After the end of the year 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**). In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of 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 Shares. 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. On 31 May 2018 the Company announced a Share Purchase Plan which was successfully completed on 6 July 2018, raising in excess of \$3.8m via the issue of 153,222,417 fully paid ordinary shares.

After consideration of all of the above factors, management have assessed that, while uncertainty exists in relation to the Group's ability to continue all operations in their current form, it is appropriate to prepare the financial statements on a going concern basis, which contemplates continuity of a significant portion of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

4.2. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.3. Business combination

Not applicable

4.4. Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly). Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.5. Functional currency translation

The consolidated financial statements are presented in Australian Dollars (\$AUD), which is also the functional currency of the Parent Company and all of its subsidiaries. The consolidated entity does not hold any foreign currency and does not have any assets or liabilities denominated in foreign currencies.

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 Consolidated Statement of Profit or Loss and Other 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 profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Company'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; and
- 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which the operation is disposed.

The consolidated entity does not hold any foreign currency and does not have any assets or liabilities denominated in foreign currencies.

4.6. Revenue

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 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. 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.

4.7. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.8. 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.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption being recognised in the profit or loss over the period of the borrowings on an effective interest basis. Fees paid on the establishment of loan facilities which are not an incremental cost relating to the actual drawdown of the facility, are recognised as a reduction in borrowings and amortised on a straight-line basis over the term of the facility.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

4.9. 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 reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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.



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 reporting 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 reporting 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 reporting 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.

Research and development

From 1 July 2011, the Australian Government has provided a tax incentive for eligible research and development expenditure. Management has assessed its research and development activities and expenditures to determine which are likely to be eligible under the scheme.

The Group records the benefit of this credit only when all qualifying research has been performed and the Group has obtained sufficient evidence from the relevant government authority that the credit will be granted.

Tax consolidation

The Company 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 Energy Limited.

Toro Energy Limited and each of its own wholly-owned controlled entities 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 Energy Limited recognises the entire tax-consolidated group's retained tax losses.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised as a tax benefit at the time that the claim is lodged with the Australia Tax Office.

4.10. 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.



4.11. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank, cash in hand and short term deposits with an original maturity of one day to six months and where there is an insignificant risk of changes in value.

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

4.12. 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 Company will not be able to collect the debts. Bad debts are written off when identified.

4.13. Financial instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity 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

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.

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 profit or loss.

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.



De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity 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.

4.14. Property, plant and equipment

Property, 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 either a straight-line (SL) basis or diminishing value (DV) basis over the estimated useful life of the assets. The useful life of the assets is as follows:

Asset class	Depreciation method	Useful life
Buildings	DV	20 years
Plant and equipment and furniture and fittings	DV	2-100 years
Information technology	SL	4 years
Motor vehicles	DV	8-20 years
Leasehold property	DV	4-20 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 profit or loss.

4.15. 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.

4.16. 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.

4.17. 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 Consolidated Statement of Profit or Loss and Other 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.

4.18. 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.

4.19. 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 Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

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

4.20. Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

The Company 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 SIP 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. The cost of equity-settled transactions is recognised as an expense in the Statement of Profit or Loss and Other 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.



4.21. 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.

4.22. 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.

4.23. 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 4.16. 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 Profit or Loss and Other Comprehensive Income (also refer to Note 14).

Key Estimates – Impairment of Financial Assets

The Group assesses impairment of its financial assets at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key Estimates – Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information.

5. Segment reporting

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, the Company's Executive Chairman or Managing Director, in order to allocate resources to the segments and to assess its performance. The Group's reportable segments under AASB 8 are Evaluation and Exploration. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies.

	2018 \$			2017 \$		
	Evaluation	Exploration	Total	Evaluation	Exploration	Total
Segment revenue	-	-	-	530,000	1,038,000	1,568,000
Segment impairment expense	(221,040)	(461,991)	(683,031)	(2,603,868)	(34,420,976)	(37,024,844)
Segment depreciation expense	(125,831)	-	(125,831)	(202,575)	-	(202,575)
Segment operating loss	(346,871)	(461,991)	(808,862)	(2,276,443)	(33,382,976)	(35,659,419)
Segment assets	56,461,667	1,038,000	57,499,667	55,705,541	1,038,000	56,743,541



	2018 \$	2017 \$
Revenue		
Total reportable segment revenues	-	1,568,000
Revenue not allocated	119,915	217,152
Group revenues	119,915	1,785,152
Profit or loss		
Total reportable segment operating loss	(808,862)	(35,659,419)
Finance costs	(1,727,834)	(2,156,908)
Employee benefits expense	(972,617)	(1,138,873)
Other revenue not allocated	119,915	217,152
Other expenses	(909,281)	(1,003,771)
Group operating loss	(4,298,679)	(39,741,819)
Assets		
Reportable segment assets	57,499,667	56,743,541
Other assets	4,459,490	7,143,596
	61,959,157	63,887,137

6. Revenue and expenses

	Consolidated	
	2018 \$	2017 \$
(a) Other income		
Bank interest received or receivable	117,317	214,067
Government grants income	-	1,038,000
Net gain on disposal of tenements	-	530,000
Other	2,598	3,085
Total other income	119,915	1,785,152
Expenses		
(b) Impairment of assets		
Impairment of exploration and evaluation expenditure	661,596	37,024,844
Impairment of available for sale shares	21,435	2,534
Total Impairment of non-current assets	683,031	37,027,378
<i>Depreciation of non-current assets</i>		
Leasehold property	40,031	107,193



	Consolidated	
	2018 \$	2017 \$
Building	8,902	9,610
Plant and equipment	65,243	71,827
Motor vehicles	11,655	13,945
Total depreciation	125,831	202,575
<i>Finance expenses</i>		
Amortisation of Unitisation Deed Borrowing Costs	19,015	38,037
Unwinding of Unitisation Deed Present Value discount	535,714	1,014,030
Amortisation of Sentient Loan Borrowing Costs	70,988	70,986
Unwinding of Sentient Loan Present Value discount	637,117	568,855
Amortisation of Sentient Loan Option Costs	465,000	465,000
Total finance expenses	1,727,834	2,156,908
(c) Employee benefits expense		
Wages, salaries, directors fees and other remuneration expense	569,071	1,075,040
Superannuation cost	43,998	111,108
Payroll tax	13,215	67,741
Redundancies	-	665,312
Movement in annual leave provision	37,114	60,517
Movement in long service leave provision	3,237	(29,684)
Options based payments expense	554,290	-
Transfer to capitalised tenements	(248,308)	(811,161)
Total employee benefits expense	972,617	1,138,873
(d) Other expenses		
Promotion and advertising	-	4,925
Travelling expenses	27,264	95,988
Securities exchange and share registry fees	142,058	116,394
Audit fees	62,001	38,000
Conference expenses	10,585	5,475
Insurance costs	-	7,995
Consulting fees	445,614	232,341
Legal fees	5,536	49,438
Subscriptions	8,116	26,659
Rent and utility expenses	89,119	193,006
AGM, EGM and annual report expenses	10,534	43,171
Net loss on disposal of property, plant and equipment	-	2,127
Other expenses	108,454	185,718
Total other expenses	909,281	1,001,237



7. Income tax expense

	CONSOLIDATED	CONSOLIDATED
	2018	2017 (Note 7.2)
	\$	\$
The major components of current and deferred expense comprise:		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	(4,298,679)	(39,741,819)
At Groups statutory income tax rate of 30% (2017:27.5%)	(1,289,604)	(10,929,000)
Add tax effect of:		
Losses not recognised	856,707	11,366,109
Other non-allowable items	334,387	158,830
Other deferred tax balances not recognised	98,510	-
	-	595,939
Less tax effect of:		
Other deferred tax balances not recognised	-	(310,489)
Non-assessable Research & Development tax incentive	-	(285,450)
Total Income Tax expense/(Benefit)	-	-
Deferred tax recognised at 30% (2017:27.5%) (Note 7.1):		
Deferred tax liabilities:		
Exploration expenditure	(16,731,530)	(15,099,548)
Other	(2,932)	(1,054,599)
Deferred tax assets:		
Carry forward revenue losses	16,734,462	16,154,147
Net deferred tax	-	-
Unrecognised deferred tax assets at 30% (2017:27.5%) (Note 7.1):		
Carry forward revenue losses	29,487,867	25,514,215
Provisions and accruals	5,879,391	21,619
Capital raising costs	34,128	66,232
Other	21,180	6,091
	35,422,566	25,608,157

The tax benefits of the above deferred tax assets will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Company in utilising the benefits.



For the purpose of income taxation, the Company and its 100% Australian controlled entities have formed a tax consolidated group.

Note 7.1 – Corporate tax rate

The Directors have determined that in the current year, the Company does not qualify as a Base Rate Entity and will therefore be subject to a 30% tax rate. The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The directors have determined that the deferred tax balances be measured at the tax rates stated.

Note 7.2 – Comparatives

The 2017 comparatives have been updated to be consistent with the 2018 format. The current and deferred tax position has not changed.

8. Loss per share

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

	Consolidated	
	2018 \$	2017 \$
Net loss attributable to ordinary equity holders of the Company	4,298,679	39,741,819
Weighted average number of ordinary shares for basic earnings per share	2,008,071,437	2,007,375,179
Loss per share (cents per share)	0.27	1.98

Potential shares relating to options totalling 117,750,000 (2017: 75,000,000) have not been included in determining diluted earnings per share because these are anti-dilutive.

9. Cash and cash equivalents

	Consolidated	
	2018 \$	2017 \$
Cash at bank and in hand	867,641	379,739
Short term deposits	3,500,000	6,250,000
	4,367,641	6,629,739

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. There is insignificant risk of changes in the value of such deposits. Refer to Note 24.

	Consolidated	
	2018 \$	2017 \$
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(4,298,679)	(39,741,819)
<i>Adjustments for non-cash items:</i>		
Depreciation	125,831	202,575
Amortisation of Unitisation Deed Borrowing Costs	19,015	38,037
Unwinding of Unitisation Deed present value discount	535,715	1,014,030
Amortisation of Sentient Loan Borrowing Costs	535,987	70,986
Unwinding of Sentient Loan Present Value discount	637,117	568,855
Amortisation of Sentient Loan Option Costs	-	465,000
Impairment of non-current assets	683,031	37,027,378
Unrealised FX Gain	(1,565)	-



	Consolidated	
	2018 \$	2017 \$
Net (profit)/loss on disposal of property, plant and equipment	-	2,127
Option based payments	554,290	-
Gain on sale of tenements	-	(530,000)
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	412,273	(706,908)
(Increase)/Decrease in accrued income	(5,138)	45,512
Increase/(Decrease) in trade and other payables	82,317	(83,328)
Increase/(Decrease) in employee provisions	6,260	(156,270)
Net cash used in operating activities	(713,546)	(1,783,825)

10. Trade and other receivables

	Consolidated	
	2018 \$	2017 \$
Current		
Senior secured loan – Strateco	3,250,202	3,250,202
Provision for impairment – Strateco loan	(3,250,202)	(3,250,202)
Convertible Note – Strateco	15,291,482	15,291,482
Provision for impairment – Strateco convertible note	(15,291,482)	(15,291,482)
Trade receivables	-	434,199
R&D receivable	-	1,038,000
Goods and services tax receivables	55,139	33,216
	55,139	1,505,415
Non-current		
R&D receivable	1,038,000	-
	1,038,000	-

Senior Secured Loan - Strateco

On 22 December 2014, Toro acquired a C\$3M senior secured loan receivable in Strateco from Sentient. Consistent with the requirements of AASB 139 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 was taken to account. The loan is secured over Strateco and its assets, namely the Matoush Uranium Project located in Quebec, Canada.

Convertible Note - Strateco

On 22 December 2014 Toro also acquired convertible notes in Strateco with a face value of C\$14.1M maturing on 27 February 2016 from Sentient. At the time of acquisition the convertible notes were accounted for under AASB 139 as a loan 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. The convertible notes are also secured over Strateco and its assets.

Strateco is pursuing a law suit against the Quebec government. On 21 June 2017 Strateco advised that the Honourable Denis Jacques JCS rendered his decision in connection with the lawsuit against the Attorney General of Quebec on behalf of the Government of Quebec and the Minister of the Environment. Strateco's claim of C\$182.7M for the loss of its



investment in the Matoush Uranium Project and an additional C\$10M in punitive damages was rejected. Strateco is appealing the decision and expects the appeal to be heard in late 2018 or 2019.

Trade Receivables

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2018, the Company did not have any trade receivables which were outside normal trading terms (past due but not impaired).

Sundry Receivables

Sundry receivables are non-interest bearing and generally have 30-90 day payment terms.

Information regarding the credit risk of current receivables is set out in Note 24.

R&D Receivable

At 30 June 2017, Toro accrued \$1,038,000 for the research and development tax incentive expected to be received from the Australian Government. All amounts related to expenses which were incurred during the year ended 30 June 2016 and met the eligible criteria for reimbursement under the scheme. As at 30 June 2018, the Company has not yet submitted its claim to the relevant tax authority. Under the legislation, the Company has four years from the end of 30 June 2016 to submit its claim. The Company has the intent and ability to submit the claim within the four year period.

11. Other current assets

	Consolidated	
	2018 \$	2017 \$
Accrued interest income	9,772	4,634

12. Available for sale investments

	Consolidated	
	2018 \$	2017 \$
Investment in Azarga Metals Corp	21,938	41,808

In line with AASB 132 and 139 requirements the shares acquired in Strateco, SeqUr Exploration and European Uranium Resources in December 2014 were recorded at fair value at the time of acquisition and recorded as financial assets available for sale. Shares in SeqUr are not traded in an active market and as a result of SeqUr surrendering their interest in their sole exploration asset the book value of \$63,822 was fully impaired in the 30 June 2015 financial year. Strateco was declared insolvent in June 2015 and as such the Company's interest in Strateco shares valued at \$966,589 was fully impaired in the 30 June 2015 financial year. On 31 May 2016 European Uranium Resources changed its name to Azarga Metals Corp and shares in European Uranium Resources were consolidated on a 10 old for 1 new basis. Toro owns 204,108 shares in Azarga Metals Corp.

13. Property, plant and equipment

	Consolidated				
	Plant and equipment \$	Motor vehicles \$	Leasehold property \$	Buildings \$	Total \$
30 June 2018					
<i>At cost</i>					
Opening balance	1,303,782	300,514	2,290,830	200,000	4,095,126
Additions	17,635	-	-	-	17,635
Disposals	-	-	-	-	-
Closing balance	1,321,417	300,514	2,290,830	200,000	4,112,761
<i>Accumulated depreciation</i>					
Opening balance	765,305	225,748	2,226,938	79,040	3,297,031
Expense	65,243	11,655	40,031	8,902	125,831



	Consolidated				
	Plant and equipment \$	Motor vehicles \$	Leasehold property \$	Buildings \$	Total \$
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Closing balance	830,548	237,403	2,266,969	87,942	3,422,862
<i>Summary</i>					
At cost	1,321,417	300,514	2,290,830	200,000	4,112,761
Accumulated depreciation	(830,548)	(237,403)	(2,266,969)	(87,942)	(3,422,862)
Net carrying amount	490,869	63,111	23,861	112,058	689,899
30 June 2017					
<i>At cost</i>					
Opening balance	1,303,798	300,514	2,290,830	200,000	4,095,142
Additions	3,884	-	-	-	3,884
Disposals	(3,900)	-	-	-	(3,900)
Closing balance	1,303,782	300,514	2,290,830	200,000	4,095,126
<i>Accumulated depreciation</i>					
Opening balance	695,262	211,803	2,119,745	69,430	3,096,240
Expense	71,827	13,945	107,193	9,610	202,575
Additions	-	-	-	-	-
Disposals	(1,784)	-	-	-	(1,784)
Closing balance	765,305	225,748	2,226,938	79,040	3,297,031
<i>Summary</i>					
At cost	1,303,782	300,514	2,290,830	200,000	4,095,126
Accumulated depreciation	(765,305)	(225,748)	(2,226,938)	(79,040)	(3,297,031)
Net carrying amount	538,477	74,766	63,892	120,960	798,095

14. Exploration and evaluation assets

	Consolidated	
	2018 \$	2017 \$
Balance at beginning of financial year	54,907,446	89,443,291
Expenditure incurred during the year	1,525,919	2,488,999
Impairment of exploration and evaluation assets	(661,596)	(37,024,844)
	55,771,769	54,907,446

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.

In March 2017 the Western Australian Labor Party won the Western Australian state government election. Soon after their election the government announced it would not allow uranium to be mined on all future granted mining leases. However the government announced that it would not prevent those projects that had received State Ministerial approvals from



progressing. Each of the Centipede, Millipede, Lake Maitland and Lake Way deposits are included in the Company's State Ministerial Consent 1051 issued in January 2017. Accordingly, the Company has impaired, in full, all of its tenements that do not have State Ministerial approval to proceed. In addition the Company has impaired in full the expenditure on the Lake Way deposit on the basis that it would likely be the final of the four approved deposits to be mined and that its development remains many years into the future.

During the financial year, all the non-core tenements surrounding Wiluna and Lake Maitland were impaired, for a total amount of \$661,596.

In the prior financial year the Company recognised a total impairment of \$37,024,844 against the Wiluna Uranium Project and a number of the Company's exploration properties. The impairment recorded reflected costs capitalised against mineral properties that were non-core to the Wiluna Uranium Project and or were considered earlier stage exploration properties that the Company did not have plans to undertake further exploration activities or assessment of.

15. Share based payments

Securities Incentive Plan

The Company has an established SIP. All employees (full and part time and including an executive director), non-executive directors, contractors and casual employees, and such other people as the Board determines, will be eligible to participate in the SIP. Securities are granted under the SIP at the discretion of the Board and on the terms and conditions approved by the Board and if permitted by the Board, may be issued to an eligible participant's nominee. The main purpose of the SIP is to give an additional reward to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts. The SIP is a reward plan designed to increase the motivation of personnel and create a stronger link between increasing Shareholder value and personnel reward. Shares issued pursuant to the exercise of SIP convertible securities will rank pari passu in all respects with the Company's existing Shares. Application will not be made for official quotation on the ASX of the securities issued under the SIP.

The expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in Note 6(c).

The following table illustrates the number and weighted average exercise prices and movements in securities issued during the year:

	2018 Number	2018 Weighted average exercise price	2017 Number	2017 Weighted average exercise price
Outstanding at the beginning of the year	75,000,000	\$0.08	90,275,000	\$0.09
Granted during the year	42,750,000	42,750,000	-	-
Lapsed / expired during the year	-	-	(15,275,000)	(\$0.12)
Outstanding at the end of the year	117,750,000	\$0.07	75,000,000	\$0.08
Exercisable at the end of the year	117,750,000	\$0.07	75,000,000	\$0.08

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 is 1.50 years (2017: 13 months).

The range of exercise prices for options outstanding at the end of the year was \$0.045 – \$0.08. 42,750,000 options were issued during the financial year (2017: Nil). The weighted average fair value of options granted during the year ending 30 June 2018 was \$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 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.

Options issued during the financial year were as follows: On 22 December 2017, there were 30,000,000 options issued which had a fair value of \$0.0137 per share based on a Black Scholes model with the following key inputs: interest free rate – 2.13% volatility factor – 56.77% measured over the 12 months prior to the issue of options, issue date – 22 December 2017, days to expiry – 1,824 and exercise price - \$0.05. On 17 April 2018, there were 12,750,000 options issued which had a fair value of \$ 0.0113 per share based on a Black Scholes model with the following key inputs: interest free rate – 1.93%



volatility factor – 56.77% measured over the 12 months prior to the issue of options, issue date – 17 April 2018, days to expiry – 1,079 and exercise price - \$0.045.

16. Trade and other payables

	Consolidated	
	2018 \$	2017 \$
Trade payables	328,720	209,084
Other payables	18,482	29,304
Accrued expenses	-	26,497
	347,202	264,885

Trade payables are non-interest bearing and are normally settled on 30-day terms. 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 24.

17. Provisions

	Consolidated	
	2018 \$	2017 \$
Current		
Annual leave	71,657	68,634
Long service leave	20,242	-
	91,899	68,634
Non-current		
Long service leave provision	124	17,129
	124	17,129

18. Borrowings

	Consolidated	
	2018 \$	2017 \$
Current		
Unitisation Deed (refer Note 18(i))	10,000,000	10,000,000
Less: present value discount of Sentient loan	(2,882,198)	(2,882,198)
Add: unwinding of present value discount	2,882,198	2,346,483
Less: transaction costs	(114,098)	(114,098)
Add: amortised transaction costs	114,098	95,082
Total Unitisation Deed	10,000,000	9,445,269
Sentient loan (refer Note 18(ii))	6,000,000	6,000,000
Less: present value discount of Sentient loan	(1,729,318)	(1,729,318)
Add: unwinding of present value discount	1,675,747	1,038,630
Less: transaction costs	(1,607,958)	(1,607,958)
Add: amortised transaction costs	1,563,292	1,027,306
Total Sentient Loan	5,901,763	4,728,660
Total current borrowings	15,901,763	14,173,929

(i) Unitisation Deed

In December 2014 the Company entered into a Unitisation Deed with the Sentient Group.



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). 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.

Despite the Company's ability to satisfy the consideration payable on maturity or termination by the issue of Toro shares the accounting standards require the funds received under the Unitisation Deed to be treated as a financial liability as the quantum of shares required to satisfy the repayment cannot be quantified at this point in time.

Further, as the funding has been provided interest free, AASB 139 Financial Instruments requires the full amount of \$10,000,000 to be discounted back to present value using a rate of 12%, which is based on the Company's estimated weighted average cost of capital. A total of \$2,882,198 represents the unwinding of the present value discount up to 30 June 2018 (2017: \$2,346,483), with the movement in the year of \$535,714 recognised as a financing cost in Note 6(b).

(ii) Sentient Group Loan

In November 2015 Sentient and Toro entered into a \$6,000,000 loan agreement. The loan is interest free and matures on 2 August 2018. The Company issued of 75,000,000 options to Sentient with an exercise price of \$0.08 per share, on the inception date of the loan, expiring at maturity of the loan.

As the funding has been provided interest free, AASB 139 Financial Instruments requires the full amount of \$6,000,000 to be discounted back to present value using a rate of 12%, which is based on the Company's estimated weighted average cost of capital. A total of \$637,117 represents the unwinding of the present value discount up to 30 June 2018 (2017: \$1,038,630) with the movement in the year of \$637,117 recognised as a financing cost in Note 6(b). At 30 June 2016 the Company had incurred costs in respect of the loan transaction, which are amortised over the period of the loan.

After the end of the year on 31 July 2018 an agreement was reached with Sentient to extend the date for repayment of the loan facility made available to the Company 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 that 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 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 volume weighted average closing price for Shares traded on the ASX for the 30 days prior to the relevant repayment date (**30 Day VWAP**). In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of 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 Shares.



19. Issued capital

	Consolidated	
	2018 \$	2017 \$
Value as at end of the year	294,068,906	294,068,906

	Number of ordinary shares	\$
Balance at the beginning of the year	2,008,071,437	433,849,080
Options or performance rights exercised	-	-
Directors shares in lieu of wages	-	-
Balance at the end of the year	2,008,071,437	433,849,080

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

20. Reserves

	Consolidated	
	2018 \$	2017 \$
Balance at the beginning of the year	1,395,000	3,074,356
Options issued	554,290	-
Options expired	-	(697,185)
Performance rights exercised	-	(227,871)
Lapse of performance rights	-	(749,494)
Directors fees to be paid in shares	-	(4,806)
Balance at the end of the year	1,949,290	1,395,000

The nature and purpose of the share reserve is to record values of options and performance rights provided to directors, employees and third parties as part of remuneration or other transactions consideration.

21. Commitments

	Consolidated	
	2018 \$	2017 \$
Operating leases		
No longer than one year	43,875	4,754
Longer than one year and not longer than five years	6,927	7,132
Balance at the end of the year	50,802	11,886

As at 30 June 2018 the consolidated entity is the registered owner of approximately 44 mineral tenements. The rental and rates required to maintain these tenements are estimated at \$802,615 within one year and \$3,210,000 between two and five years. The consolidated entity does not have any bank guarantees in place as collateral over tenements which it is the registered holder of.

22. Auditors remuneration

	Consolidated	
	2018 \$	2017 \$
Audit and half yearly review of the financial report	44,635	38,000



23. Controlled entities

	Ownership interest	
	2018	2017
Parent entity		
Toro Energy Limited		
Subsidiaries		
Toro Energy Exploration Pty Ltd	100%	100%
Toro Energy Canada Pty Ltd	100%	100%
Nova Energy Pty Ltd	100%	100%
Nova Energy (Africa) Pty Ltd	100%	100%
Redport Exploration Pty Ltd	100%	100%
Mega Lake Maitland Pty Ltd	100%	100%
Mega Stations Holdings Pty Ltd	100%	100%

Toro is the head entity within the tax consolidated group. All subsidiaries listed are members of the tax consolidated group. All members of the consolidated entity are incorporated in Australia.

24. Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The three Levels of a fair value hierarchy are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

30 June 2018 \$				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Available for sale investments	21,938	-	-	21,938
	21,938	-	-	21,938
Financial Liabilities				
Borrowings	-	-	(15,901,763)	(15,901,763)
	-	-	(15,901,763)	(15,901,763)


30 June 2017 \$

	Level 1	Level 2	Level 3	Total
Financial Assets				
Available for sale investments	41,808	-	-	41,808
	41,808	-	-	41,808
Financial Liabilities				
Borrowings	-	-	(14,173,929)	(14,173,929)
	-	-	(14,173,929)	(14,173,929)

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, interest rate risk and liquidity 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:

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents	4,367,641	6,629,739
Trade and other receivables	1,093,139	1,505,415
Financial liabilities		
Trade and other payables	347,202	264,885
Provisions	91,899	85,763
Borrowings	15,901,763	14,173,929

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 credit worthy 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, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

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 Company's net loss would increase or decrease by approximately \$21,636 (2017: \$37,875) 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.

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		
	< 1 year \$	>1-<5 years \$	Total \$
Year ended 30 June 2018			
Financial liabilities			
Fixed rate	16,248,965	-	16,248,965
Weighted average effective interest rate	0.12	-	-
Year ended 30 June 2017			
Financial liabilities	-	-	-
Fixed rate	14,412,317	-	14,412,317
Weighted average effective interest rate	0.12	-	-

The following table details 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		
	< 1 year \$	>1-<5 years \$	Total \$
Year ended 30 June 2018			
Financial assets			
Fixed rate	3,500,000	1,093,139	4,593,139
Weighted average effective interest rate	2.37%	-	-
Floating rate – cash assets	827,375	40,258	867,633
Weighted average effective interest rate	1.00%	-	-
Year ended 30 June 2017			
Financial assets			
Fixed rate	6,250,000	1,505,415	7,755,415
Weighted average effective interest rate	2.46%	-	-
Floating rate – cash assets	288,697	91,042	379,739
Weighted average effective interest rate	0.5%	-	-

25. Related party disclosures and KMP remuneration

Details of the ownership interests between Toro and the entities within the Group are outlined in Note 23. Transactions between Toro and its subsidiaries during the year consisted of loans advanced by Toro to fund exploration and evaluation of tenements. The closing value of all loans to wholly owned members of the Group is contained within the statement of financial position under non-current assets at Note 26.

During the year Cardinals Corporate Pty Ltd (**Cardinals**) provided legal advice to the Group amounting to \$71,345 (2017: \$Nil). Richard Homsany, a director of Toro throughout the year is the owner of Cardinals. The legal services were provided pursuant to a schedule of rates and were provided on arm's length basis.

Toro's current registered office and principal place of business is at 60 Havelock St West Perth WA. The head lessor of the premises is Mega Redport Pty Ltd, a subsidiary of Mega Uranium Ltd which is a related party of the Company and of which Mr Richard Patricio is the Chief Executive Officer and President and of which Mr Richard Homsany is the Executive Vice President, Australia. During the financial year the Company paid Mega Redport Pty Ltd the amount of \$129,281 in payment of rent, outgoings and expenses in respect of Toro's occupation of the premises.

In financial year 2015, the Company entered into a loan agreement with Sentient for a face value of \$6 million. The Sentient Loan is due for repayment in February 2020 and is subject to 10% interest, which may be satisfied in cash or shares, effective from August 2018. Sentient owns a 16.86% interest in Toro's ordinary shares on issue.

Key management of the Group are the executive members of the Board of Directors and management. Key management personnel expenses include the following expenses:

	2018 \$	2017 \$
Short term employee benefits		
Salaries including bonuses	535,945	768,738
Shares issued in lieu of salary	-	7,973
Post-employment benefits		
Superannuation	14,495	48,174
Long term employee benefits		
Termination benefits	-	564,924
Share based payments	432,633	-
Total remuneration	983,073	1,389,809



26. Parent entity information

Financial statements and notes for Toro, the legal parent entity, are provided below:

	Parent	
	2018 \$	2017 \$
Financial position		
Current assets	4,432,544	8,139,779
Non-current assets	57,490,792	55,747,453
Total assets	61,923,336	63,887,232
Current liabilities	16,340,865	14,507,543
Non-current liabilities	124	17,129
Total liabilities	16,340,989	14,524,672
Shareholders' equity		
Issued capital	433,849,080	433,849,079
Share option reserve	1,949,290	1,395,000
Accumulated losses	(390,216,024)	(385,881,519)
Total equity	45,582,346	49,362,560
Financial performance		
Loss for the year	(4,261,444)	(38,915,294)
Other comprehensive income	-	-
Total comprehensive loss	(4,261,444)	(38,915,294)

27. Events after the balance sheet date

Subsequent to the end of the year the Company completed a share purchase plan (**SPP**). Under the SPP eligible shareholders were offered the opportunity to acquire up to \$15,000 of fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of \$0.025 per New Share, being up to 600,000 New Shares per eligible shareholder, without incurring brokerage or other transactional charges. The issue price of \$0.025 per New Share was equal to the 52 week low price for fully paid ordinary shares in the Company traded on ASX and represented a 17% discount to the 90 day volume weighted average Share price (in each case having regard to the Share price as at the date of the announcement of the SPP).

The SPP closed after the end of the year on 2 July 2018. As announced to the ASX on 6 July 2018 the Company raised in excess of \$3.8 million by the issue of 153,222,417 New Shares pursuant to the SPP. Funds raised by the Company in connection with the SPP will be applied to technological advancements to reduce the capital and operating expenses in the uranium process flow sheet for the Wiluna Uranium Project by undertaking further beneficiation and process studies, to activities and studies to advance exploration for gold on the Company's Yandal Gold Project, located within the world class Yandal gold district, and for general working capital.

After the end of the year on 31 July 2018 an agreement was reached with The Sentient Group (**Sentient**) to extend the date for repayment of the \$6,000,000 loan facility made available by Sentient to the Company (**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**). In the event that the 30 Day VWAP at the relevant date is 50% or more below the closing price of 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 Shares.



Other than the above no other matters or circumstances have arisen since the end of the financial reporting year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Toro Energy Limited:

1. In the opinion of the directors of Toro Energy Limited:
 - a. The consolidated financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and
 - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given declarations required by Section 295A of the *Corporations Act 2001* from the Executive Chairman and Company Secretary for the financial year ended 30 June 2018.
 - a. Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Richard Homsany
Executive Chairman

Signed this 28th day of September 2018

Independent Auditor's Report

To the Members of Toro Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Toro Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 4.16 & 14	
<p>At 30 June 2018, the carrying value of exploration and evaluation assets was \$55.772 million.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; reviewing management's area of interest considerations against AASB 6; conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; and assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 17 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Toro Energy Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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 AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner – Audit & Assurance

Perth, 28 September 2018



ASX ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 28 September 2018.

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

A total of 2,161,293,854 ordinary shares are on issue and held by 9,334 individual shareholders. All ordinary shares carry one vote per share.

A total of 30,000,000 unlisted options over ordinary shares exercisable at \$0.05075 per share before 20 December 2022 and 12,750,000 unlisted options over ordinary shares exercisable at \$0.045 per share before 31 March 2021 are on issue. There are no performance rights on issue.

Substantial shareholders

Holder	Number	%
Oz Minerals Ltd	422,759,378	19.56%
Mega Uranium Ltd ¹	395,095,387	18.28%
The Sentient Group ²	364,302,720	16.86%

¹ Held by HSBC Custody Nominees (Australia) Limited on behalf of Mega Uranium Ltd

² Held by HSBC Custody Nominees (Australia) Limited on behalf of The Sentient Group

Distribution of equity security holders

Range	Total holders	Units	% Units
1 – 1,000	951	288,689	0.01
1,001 – 5,000	1,402	4,435,844	0.21
5,001 – 10,000	1,489	12,047,489	0.56
10,001 – 100,000	3,890	148,970,051	6.89
100,001 and over	1,608	1,995,551,781	92.33
	9,353	2,161,293,854	100.00

Unmarketable parcels

Unmarketable parcels	Minimum parcel size	Holders	Units
Minimum \$500 parcel at \$0.029 per unit	17,242	4,650	27,907,663

Voting rights

Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share have one vote.

Options / Performance Rights: No voting rights.



Twenty largest holders of quoted equity securities

Holder	Number of fully paid ordinary shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	775,192,048	35.87
OZ Minerals Limited	422,759,378	19.56
Citicorp Nominees Pty Limited	94,584,466	4.38
Hongmen Capital Holdings Pty Ltd	25,100,000	1.16
J P Morgan Nominees Australia Limited	19,921,344	0.92
HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	10,231,250	0.47
Mrs Marguerite Irene Moyes	9,512,840	0.44
Mr William Thomas John	6,551,000	0.30
Allarrow Pty Ltd	6,524,204	0.30
RHB Securities Singapore Pte Ltd <Clients A/C>	6,290,000	0.29
HSBC Custody Nominees (Australia) Limited - A/C 2	5,625,765	0.26
Mr Terence Edwin McMahon	5,455,800	0.25
Saggio Investments Pty Ltd <Saggio Investment A/C>	5,000,000	0.23
Tindindi Cellars Pty Ltd	4,425,000	0.20
Chondrite Investments Pty Ltd <Stolz-Guthrie Family A/C>	4,366,216	0.20
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	4,107,728	0.19
Yarrandoo Pty Ltd <Yarrandoo Super Fund A/C>	4,096,444	0.19
Mr Benjamin James Gray	4,007,890	0.19
Mr William Bertram McGrory and Mrs Susan Joy McGrory <J & B Superannuation FD A/C>	4,000,000	0.19
Mr Michele Cambrea	3,782,912	0.18
Top 20 holders of TOE ordinary shares	1,421,534,285	65.77
Total remaining holders balance	739,759,569	34.23



CURRENT TENEMENT LIST

Tenement	Owner	Area	Project	Status	Location	Comments
M53/113	Nova Energy Pty Ltd	486 ha	Centipede, Wiluna Uranium Project	Granted	WA	
M53/224	Nova Energy Pty Ltd	873 ha	Centipede, Wiluna Uranium Project	Granted	WA	
M53/1090	Nova Energy Pty Ltd	2,321 ha	Lake Way, Wiluna Uranium Project	Granted	WA	
G53/021	Nova Energy Pty Ltd	9 ha	Centipede, Wiluna Uranium Project	Granted	WA	
G53/022	Nova Energy Pty Ltd	9 ha	Centipede, Wiluna Uranium Project	Granted	WA	
G53/023	Nova Energy Pty Ltd	1,320 ha	Centipede, Wiluna Uranium Project	Granted	WA	
L53/175	Nova Energy Pty Ltd	4,865 ha	Centipede, Wiluna Uranium Project	Granted	WA	
L53/182	Nova Energy Pty Ltd	47 ha	Centipede, Wiluna Uranium Project	Granted	WA	
L53/183	Nova Energy Pty Ltd	38 ha	Centipede, Wiluna Uranium Project	Granted	WA	
L53/184	Nova Energy Pty Ltd	174 ha	Centipede, Wiluna Uranium Project	Application	WA	
L53/205	Nova Energy Pty Ltd	18 ha	Centipede, Wiluna Uranium Project	Granted	WA	



Tenement	Owner	Area	Project	Status	Location	Comments
M53/336	Nova Energy Pty Ltd	567 ha	Millipede, Wiluna Uranium Project	Granted	WA	
M53/1095	Nova Energy Pty Ltd	610 ha	Millipede, Wiluna Uranium Project	Granted	WA	
M53/1089	Redport Exploration Pty Ltd	7,334 ha	Lake Maitland, Wiluna Uranium Project	Granted	WA	
L53/167	Redport Exploration Pty Ltd	278 ha	Lake Maitland, Wiluna Uranium Project	Granted	WA	
E53/1060	Redport Exploration Pty Ltd	2 blocks	Lake Maitland, Wiluna Uranium Project	Granted	WA	
E53/1146	Redport Exploration Pty Ltd	14 blocks	Lake Maitland, Wiluna Uranium Project	Granted	WA	
E53/1210	Redport Exploration Pty Ltd	16 blocks	Lake Maitland, Wiluna Uranium Project	Granted	WA	
E53/1211	Redport Exploration Pty Ltd	15 blocks	Lake Maitland, Wiluna Uranium Project	Granted	WA	
R53/003	Nova Energy Pty Ltd	4,127 ha	Dawson Hinkler, Wiluna Uranium Project	Granted	WA	
R51/003	Nova Energy Pty Ltd	1,781 ha	Nowthanna, Wiluna Uranium Project	Granted	WA	
R80/001	Nova Energy Pty Ltd	3,049 ha	Theseus Uranium Project	Application	WA	
E80/3484	Nova Energy Pty Ltd	12 blocks	Theseus Uranium Project	Granted	WA	
E80/3485	Nova Energy Pty Ltd	12 blocks	Theseus Uranium Project	Granted	WA	



Tenement	Owner	Area	Project	Status	Location	Comments
E53/1858	Toro Exploration Pty Ltd	4 blocks	Exploration	Granted	WA	
E53/1909	Toro Exploration Pty Ltd	6 blocks	Exploration	Granted	WA	
E53/1929	Toro Exploration Pty Ltd	4 blocks	Exploration	Granted	WA	
E53/1593	Toro Exploration Pty Ltd	1 block	Exploration	Granted	WA	
EL25045	Nova Energy Pty Ltd	475 blocks	Exploration	Application	NT	
EL25046	Nova Energy Pty Ltd	246 blocks	Exploration	Application	NT	
EL25048	Nova Energy Pty Ltd	476 blocks	Exploration	Application	NT	
EL25787	Toro Energy Ltd	3 blocks	Exploration	Application	NT	
EL26279	Toro Energy Ltd	240 blocks	Exploration	Application	NT	
EL26550	Toro Energy Ltd	128 blocks	Exploration	Application	NT	
EL26601	Toro Energy Ltd	25 blocks	Exploration	Application	NT	



Tenement	Owner	Area	Project	Status	Location	Comments
EL26636	Toro Energy Ltd	20 blocks	Exploration	Application	NT	
EL26740	Toro Energy Ltd	456 blocks	Exploration	Application	NT	
EL27532	Toro Energy Ltd	175 blocks	Exploration	Application	NT	
EL27533	Toro Energy Ltd	324 blocks	Exploration	Application	NT	
EL27534	Toro Energy Ltd	153 blocks	Exploration	Application	NT	
EL27535	Toro Energy Ltd	308 blocks	Exploration	Application	NT	
EL28093	Toro Energy Ltd	53 blocks	Exploration	Application	NT	
EL28997	Toro Energy Ltd	120 blocks	Exploration	Application	NT	



JORC TABLES

Wiluna Uranium Project Mineral Resources Table (JORC 2012)									
		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Centipede / Millipede	Ore Mts	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 ₃ O ₈ Mlbs	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mts	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U ₃ O ₈ Mlbs	-	-	26.4	16.9	-	-	26.4	16.9
Lake Way	Ore Mts	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U ₃ O ₈ Mlbs	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mts	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 ₃ O ₈ Mlbs	6.2	4.2	54.2	35.3	2.3	0.9	62.7	40.4



Wiluna Uranium Project Mineral Resources Table (JORC 2012)									
		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Dawson Hinkler	Ore Mts	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U₃O₈ Mlbs	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mts	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	795
	U₃O₈ Mlbs	-	-	-	-	11.9	4.6	11.9	4.6
Total	Ore Mts	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
	U₃O₈ Mlbs	6.2	4.2	60.4	36.4	17.4	5.5	84.0	46.4

- (1) Refer to Competent Persons Statement below and the JORC table 1 presented in ASX release of 2 February 2016 for details on how these Mineral Resources are estimated. Governance and internal controls relevant to the integrity of the Mineral Resource estimate can be found in the competent / qualified persons statements in the JORC table 1 submitted with the ASX announcement of 2 February 2016.
- (2) Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.
- (3) There were no material changes in the Mineral Resources estimate in the financial year.

Competent / Qualified Persons Statement

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 Shirliff of Toro Energy Limited and 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 Mineral 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.



Theseus Uranium Project								
Mineral Resources Table (JORC 2012) 200ppm U ₃ O ₈ cut-off								
Measured and Indicated			Inferred			Total		
Ore Mts	Grade ppm	U3O8 Mlbs	Ore Mts	Grade ppm	U3O8 Mlbs	Ore Mts	Grade ppm	U3O8 Mlbs
-	-	-	6.3	493	6.9	6.3	493	6.3
-	-	-		-		493		493
-	-	-		-		6.9		6.9

- (1) Refer to Competent Persons Statement below and the JORC table 1 presented in ASX release of 2 February 2016 for details on how these Mineral Resources are estimated. Governance and internal controls relevant to the integrity of the Mineral Resource estimate can be found in the competent / qualified persons statements in the JORC table 1 submitted with the ASX announcement of 2 February 2016.
- (2) Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.
- (3) There were no material changes in the Mineral Resources estimate in the financial year.

Competent / Qualified Persons Statement

The information presented here that relates to Mineral Resources of the Theseus Uranium Project is based on work supervised by Michael Andrew, who is a member of the Australian Institute of Mining and Metallurgy of the Australian Institute of Geoscientists. Mr Andrew is a full time employee of Optiro, and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.