

ANNUAL REPORT

2011



An emerging Australian uranium producer



COMPANY PROFILE

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

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Photo: SGS metallurgist observing Sodium Diuranate (SDU) thickening performance.

FROM THE **Chairman** AND THE **Managing Director**



Erica Smyth
Chairman

In another year of major challenges, Toro Energy Limited has made further significant progress in its resource acquisition and project development work.

The 2010 / 2011 year commenced with Toro Energy and other Australian exploration and mining companies still climbing out of the share market lows induced by the proposed super profits tax. From late 2010 into early 2011, a run-up in the uranium price, and

hence uranium equities, was the result of ongoing strong demand from existing and new growth nuclear power, along with a high level of Chinese uranium buying and faltering uranium supply.

The devastating earthquake and tsunami in Japan in March 2011 which resulted in the Fukushima Daichii nuclear plant accident reversed this uranium price trend, and impacted significantly on public perceptions of nuclear power. We refer shareholders to our letter distributed in June, and the associated website links which provide detailed background to this issue and the nuclear power and uranium market after this event. While some countries are still favouring reducing dependence on nuclear power, the most significant existing nuclear power and new build countries are moving ahead with solid programs after necessary safety reviews. None of the reactors under construction were halted and since Fukushima, China and India have each brought two new reactors on line. Four new nuclear plants around the world have commenced operation or connected to their power grids since Fukushima, and a further three have commenced construction.

There has been an impact on new uranium supply from this event, with reduced investment in uranium exploration and development. However international nuclear markets still have significant interest in future projects. This is clearly evidenced by the ongoing investment into uranium projects by Chinese, Korean and Russian interests. The global delay in bringing on new uranium supply will, we believe, create significant opportunity for companies like Toro Energy with advanced projects, targeting uranium production and sales in 2013 / 2014.

Toro's Wiluna Uranium Project achieved a significant milestone in July 2011 when its Environmental Review and Management Programme (ERMP) was released to the public for review, the first of Western Australia's uranium projects to reach this stage. We are very proud of the comprehensive and professional work and studies that went into the ERMP, and of the very experienced Toro team of employees and contractors who compiled this.

The technical feasibility work on the Wiluna Project continued during the year, with the mining of a resource test pit, extraction of a 4,000t bulk ore sample, and a significant benchscale process test program leading to a pilot plant process after year end. The resource upgrade and the pilot test results will feed into the final feasibility study and costing, planned to be completed by second quarter 2012.

Toro has continued to work closely with local communities and Indigenous groups to ensure common understanding of our Wiluna Project aims and progress. We were very pleased to have four indigenous employees working with us during our field programs, and Toro also engaged local businesses in the Wiluna region for its site based activities.

Our Business Development Group was exceptionally busy concluding agreements to consolidate regional uranium resources in the Wiluna area. Toro has acquired up to an estimated 19 Mlbs U_3O_8 in resources and solid exploration range targets at an average purchase cost of less than A\$0.70 per lb U_3O_8 , essentially around exploration cost. While further resource definition and evaluation work is underway on these acquisitions, we believe this adds strongly to Toro's potential pipeline of production.

Consistent rainfall last wet season through northern and central Australia severely impacted Toro's exploration programs, with access to the Theseus uranium discovery restricted until July 2011. The results from this program so far have proven up a new uranium province, and continue to indicate a significant potential.

Toro Management has engaged in uranium customer discussions for some time, with a view to placing direct sales agreements to support operation start up at Wiluna. Along with this, engagement of interested nuclear industry parties in possible joint venture involvement in the Wiluna Project is underway.

The Toro Board firmly believes that new uranium supply is required to fulfil ongoing demand, and Toro's consistent approach to timelines and costs is resulting in us being the frontrunner for new uranium production in Australia. With continuing uranium supply uncertainties in parts of the world, we believe this will provide solid opportunity to enter the market at a very opportune time for our shareholders, stakeholders and customers.



Greg Hall
Managing Director

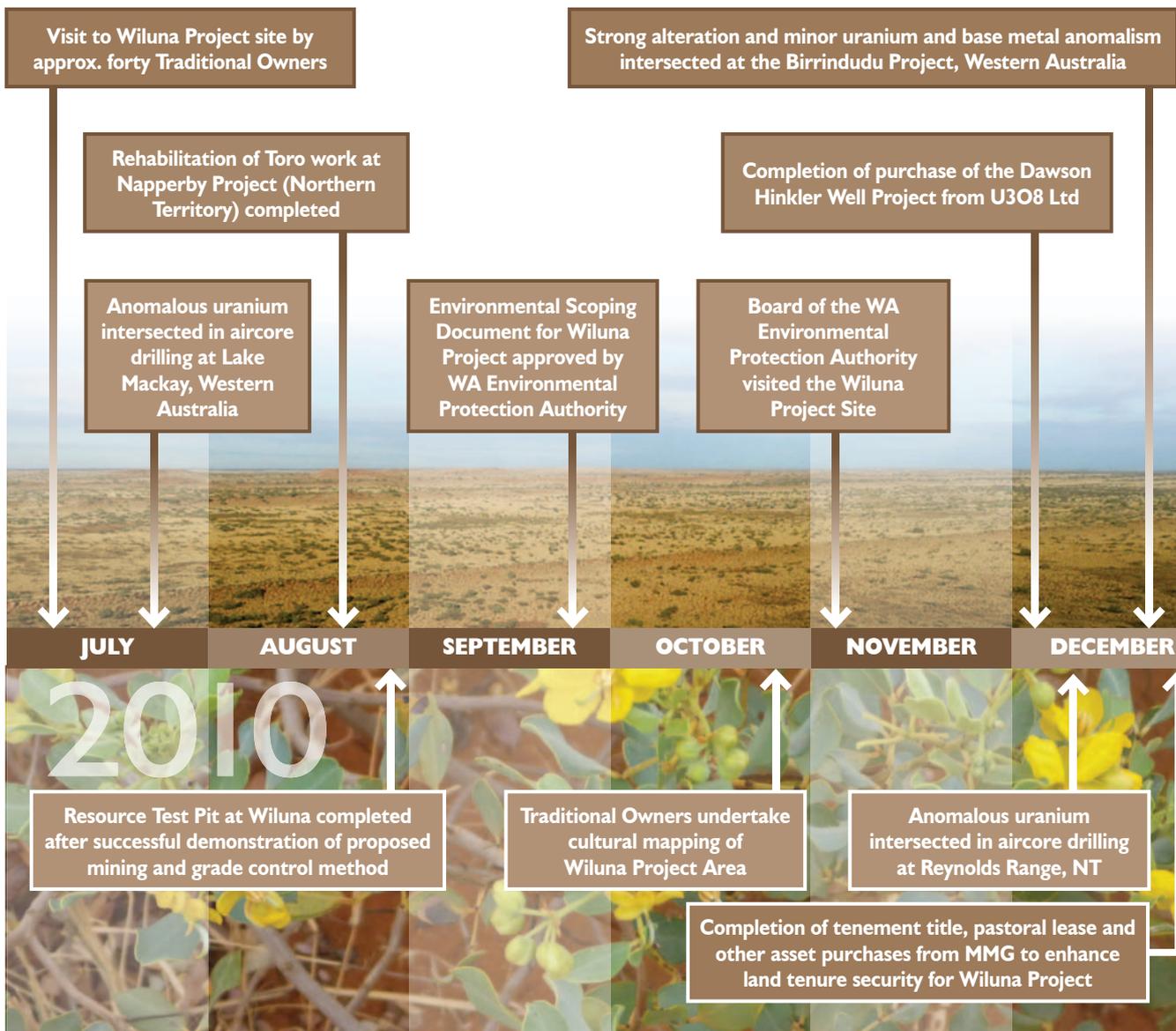
Erica Smyth
Chairman

Greg Hall
Managing Director

Strategy AND Achievements 2010-11

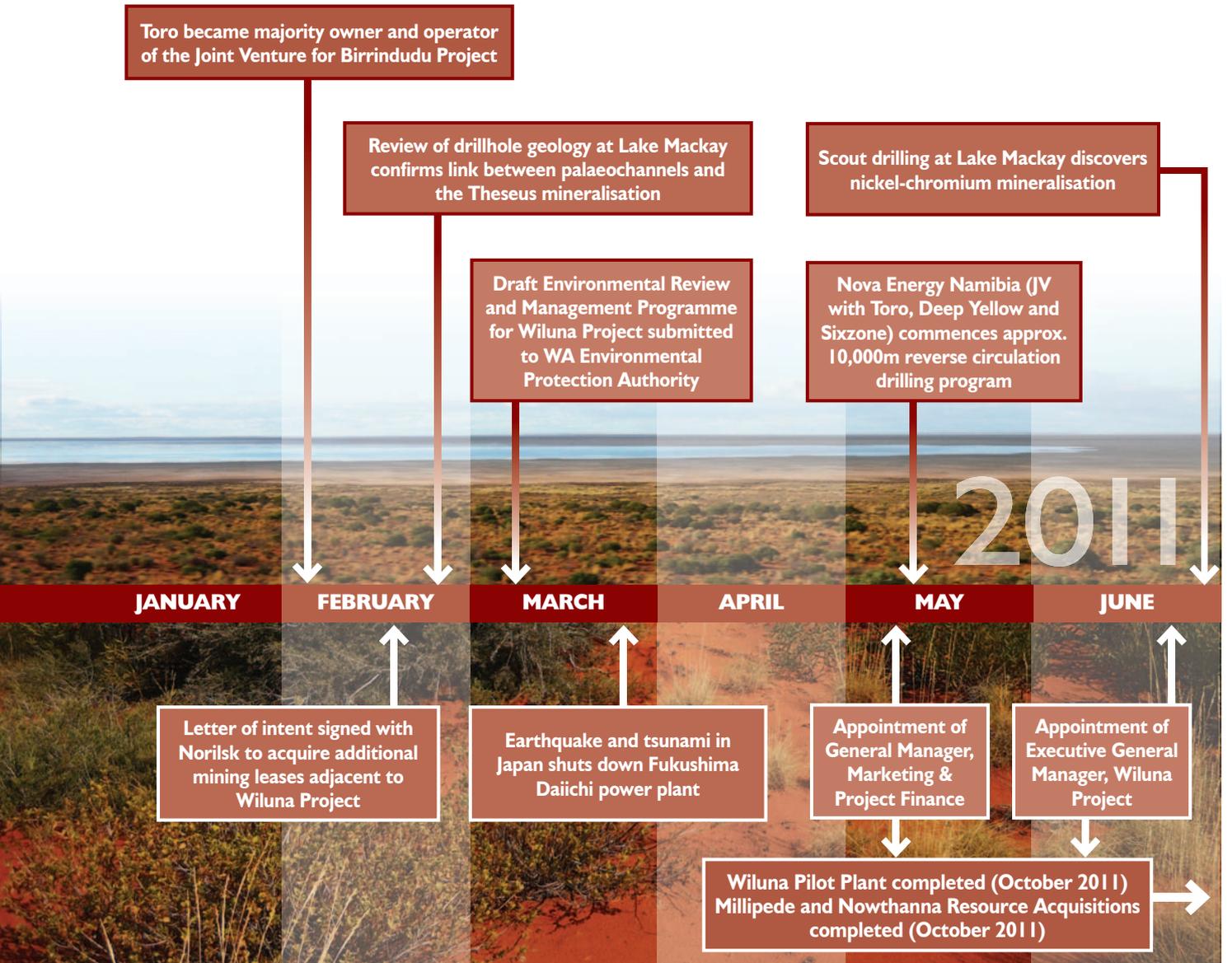


Highlights 2010-11





A Resource Test Pit at Wiluna was completed in late August 2010 after successful demonstration of proposed mining and grade control method.



Uranium AND Nuclear Power

OVERVIEW

The Japanese natural disaster and subsequent accident at the Fukushima Daiichi Nuclear Plant on 11 March 2011, and its impact on the nuclear industry and the future demand for uranium, dominated the market in the closing months of the year in review.

Prior to the Fukushima event, the uranium price had been increasing on the back of Chinese buying, mine supply disruption in Australia and news of an increasing number of new nuclear plant proposals. Spot uranium prices had increased to US\$73 per lb U_3O_8 at the end of January 2011 compared to US\$42 per lb U_3O_8 in June 2010.

The events at Fukushima resulted in many countries reviewing the role of nuclear power for their future energy generation requirements and many of the world's nuclear oversight groups ordered or performed safety evaluations of their operating and planned nuclear plants.

The European Union requested all plants operating in Europe to be "stress tested" for likely similar events. All 104 operating nuclear plants in the United States, along with the one plant under construction and a further nine planned, were reviewed by the Nuclear Regulatory Commission and found to be safe for any potential and likely large scale natural disasters. China, India, South Korea and Russia, which together make up 70% of plants under construction and being planned, reviewed their safety planning and re-committed to expansion of the nuclear industry.

However, the greatest impact was in Europe, where the German Government introduced a nuclear shutdown program under which all 17 reactors are planned to be phased out by 2022 (including eight reactors to be closed immediately). Along with this, Switzerland initially announced a phase out of its three nuclear power reactors at the end of their planned operating lives in the 2030s.

The German Government's decision appeared to be politically motivated with the ruling government reliant on the support of the Green Party. The European Union in particular is concerned that an overly zealous phase out of Germany's safely operating nuclear fleet will impact negatively the strongest economy in Europe.

The fast-tracked shut down in Germany is likely to have an implication for carbon pricing in Europe and have negative cascading effects on the other economies in the Eurozone as well. Most commentators believe Germany's carbon pollution reduction targets will be impossible to meet as coal and gas consumption rises to fill the energy gap created by the nuclear shut down.

Japan has experienced a shutdown of 38 reactors of its existing 55 reactors. While four reactors at the Fukushima plant are likely to be permanently shut, many of the other reactors are shutdown as they are unable to get the relevant local government approval to restart following their regular 13-month maintenance shutdowns. It will take some time for these reactors to get back on line, however the new Japanese Prime Minister is now pushing to re-start these to help the Japanese economy re-build.

Other countries have reviewed their policies on energy generation, including nuclear as part of that mix. Most are restating that nuclear remains a pillar of their energy generation strategies. The major nuclear power dependant countries such as China, USA, France, South Korea, India, Russia and United Kingdom have all affirmed their commitment to nuclear power and are maintaining their existing reactor build programs. Even new nuclear countries such as UAE, Turkey and Vietnam are continuing their planning and build programs, with Saudi Arabia recently indicating it is planning to build 16 reactors.

The lessons learned from the Fukushima nuclear accident will be applied to existing and planned nuclear installations. In fact, newer reactor and plant designs have already incorporated many of the features required to ensure avoidance of a similar incident.

The latest figures published by the World Nuclear Association, as summarised in Figure 2, indicate there has only been a small fall in operating and anticipated world nuclear generating capacity since Fukushima.

Toro believes that the Fukushima accident and current equity markets may have an impact on investment into future uranium supply. Hence we believe those projects which can achieve approval and start up will be well placed to take advantage of the continuing growth in nuclear power.

On the supply side, it is anticipated that in 2014, the supply of secondary uranium from the decommissioning of warheads is expected to largely cease. Currently, this accounts for approximately 20% of total uranium supply. This shortfall will have to be made up by new uranium mine production due to continuing rising demand. In fact, analysts from major investment banks are forecasting that spot uranium prices will move back up to US\$75 to US\$80 per lb U_3O_8 by 2014.

In the short term, demand for uranium has fallen slightly as the market deals with excess inventories from the current shutdowns in Japan and Germany. However, the long term price remains well supported at current levels of US\$64 per lb U_3O_8 , only 8% below pre Fukushima pricing.

In summary, Toro expects the uranium price to remain suppressed in the short term but the long term fundamentals remain robust due to new reactor builds and impending supply issues.

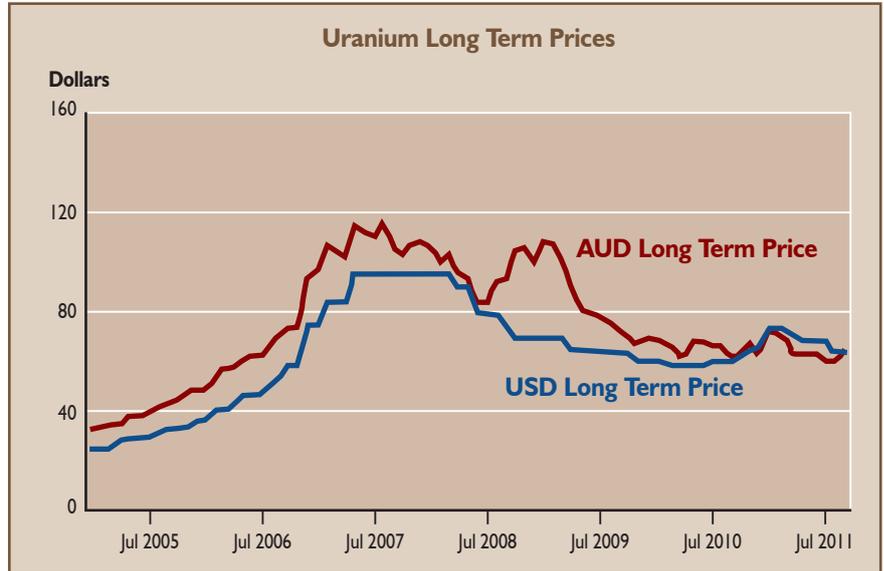


Figure 1: AUD and USD Long Term Uranium Price comparison

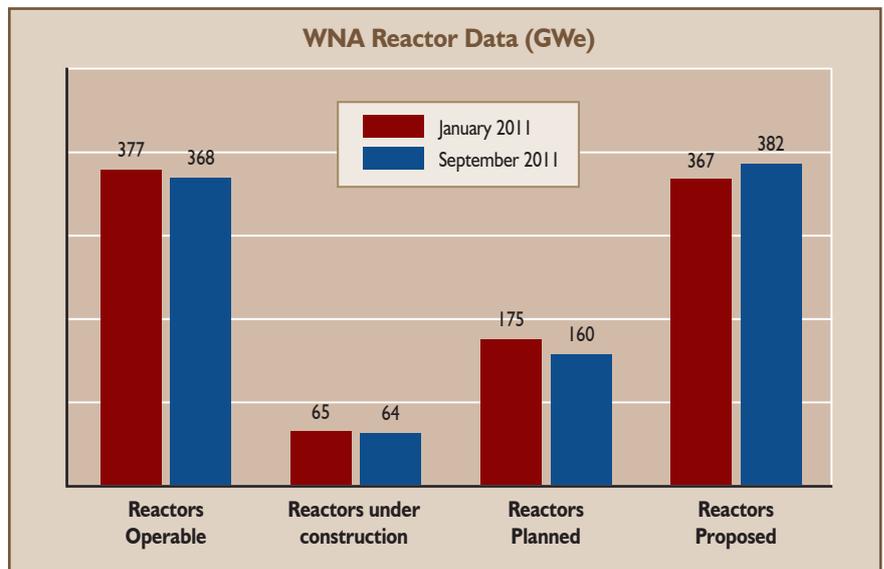


Figure 2: WNA Reactor Data with some additional Toro assumptions

Health, Safety, Environment AND Radiation

Toro has in place a comprehensive Health, Safety and Environment (HSE) Management System for its exploration and project development activities. The System has been structured to comply with the Standard AS/NZS 4801:2001 Occupational Health and Safety Management Systems, such that it can incorporate other specific requirements as the Company grows. The System identifies the HSE responsibilities of Toro's employees, contractors and visitors to our sites and aims to incorporate and manage all of the HSE obligations and legal compliance requirements covered by relevant Commonwealth, State and Territory Acts, Regulations, Standards and Codes of Practice. While this system had an initial focus on the Wiluna Project, Toro has moved to integrate all company activities including exploration, and has continued to refine and expand the System to reflect current practices.

As recommended by the International Atomic Energy Agency, Toro has a Radiation Protection Policy to enable us to accomplish our exploration and mining objectives while minimising radiation exposure. The Policy is implemented through our Radiation Management System, and together these provide the over-arching guidance for creating site specific radiation management plans for submission to government as part of the assessment and approvals processes for exploration, project development and mining activities.



Radiation monitoring at the Wiluna Uranium Project site.

Resource Evaluation Pit

In July 2010, Toro commenced operation of a Resource Evaluation Pit (REP) at the Centipede deposit near Wiluna. The purpose of the REP was to both test water barrier infrastructure for the proposed Wiluna Uranium Project and to conduct metallurgical analyses which would provide better definition of the orebody and produce a representative sample for a pilot study.

The REP operated from late July until mid September and all necessary licences and approvals were sought and granted from the relevant regulatory bodies prior to operation. Risk criteria were developed for the project and both high level and detailed risk assessments were carried out prior to work commencing. A total of 187 staff, contractors, consultants and visitors attended the Wiluna Uranium Project throughout the operation of the Resource Evaluation Pit and 8461.5 person-hours were worked during the Project. Several inspections and visits were conducted at the REP during its operation including those by health and safety representatives from the Department of Mines and Petroleum (WA DMP) and Traditional Owners.

The Resource Evaluation Pit was managed in a similar manner to an actual operating uranium mine in terms of radiation protection practices. This meant compliance with the Mines Safety and Inspection Act and Regulations, The Radiation Safety Act, the Code of Practice and Safety Guide for Radiation Protection and Radioactive Waste Management in Mining and Mineral Processing, and consideration of the WA DMP Naturally Occurring Radioactive Materials (NORM) Guidelines. The site operated in accordance with the Code of Practice in so far as Controlled and Supervised Areas were delineated, and hygiene controls associated with this segregation were implemented.

No reportable health, safety, environmental or radiation incidents occurred during the operation of the REP, resulting in a Lost Time Injury rate of zero.

Environment AND Community

Toro's environment and community activities in 2010/11 continued to focus on baseline study work to support its assessment of the Wiluna Project, and community and stakeholder consultation for the preparation of the Environmental Review and Management Programme (ERMP) for the Project. This work culminated in the lodgement of the draft ERMP and associated documentation with the Western Australian Environmental Protection Authority in March.

The environmental studies for the Project included flora and fauna, radiation, ground and surface water and soil investigations. The decision to select agitated tank leach with direct precipitation as the processing option for the Project required the extension of some of these studies.

To inform an assessment of the social impacts of the Project, a Social Impact Assessment was completed for Toro. The outcomes and conclusions are reported in the ERMP put on public exhibition in July 2011.

Community and stakeholder consultation included a series of Project site visits for Traditional Owners, government regulators, non-government organisations, media and business analysts, the Board of the Western Australian Environmental Protection Authority and the Conservation Council of Western Australia.

Approximately 40 Traditional Owners participated in a site visit in July 2010 during which they saw work being undertaken on the resource test pit. During October, approximately 25 Traditional Owners were on site for six days to undertake cultural mapping to help them assess the impacts of the Project on Aboriginal Cultural Heritage.



Environmental monitoring at Toro's proposed mine site at Wiluna, Western Australia.

Toro maintained its interaction with the Wiluna Community. This included its continuing participation in the Wiluna Regional Partnership Agreement and a meeting with the Shire Council to present latest plans for the Project. Toro's local community contributions included sponsorship of the Wiluna Ball and a visit to Perth by the eleven to fourteen year old Martu Eagles footballers for a Cultural Exchange with the Dalkeith Nedlands Junior Football Club.

There was further development of an Indigenous Training and Employment Programme in anticipation of local and regional recruitment for the construction and operational phases of the Project. Where possible, Toro has sought to employ Wiluna businesses and services on site works. This has included contracts awarded locally for earth moving, fencing and access track maintenance and watering.

Toro attended and made presentations about its proposed work programs to a number of communities located in close proximity to its exploration projects in the Northern Territory and north-eastern Western Australia. This interaction involves communities at Kiwirrkurra in conjunction with Central Desert Native Title Services, at Halls Creek and Ringer Soak with the Kimberley Land Council in Western Australia, and at Alice Springs, Larramba, Jarah Jarah, Willowra and Kalkarindji with the Central Land Council.

It is with regret that Toro records the passing of its senior Indigenous employee, Garry Coulthard, on 22 June 2011. Garry was with Toro Energy for nearly four years, commencing in February 2007.

Garry was instrumental in our engagement of Aboriginal people at Wiluna, with an interest in our exploration projects, and was highly respected by the Traditional Owners with whom he dealt. He was a leader and mentor to participants in our Indigenous Training and Employment Programme at Wiluna.

Wiluna Uranium Project

Substantial progress was made on the Wiluna Uranium Project during the year. This Project, near Wiluna in Western Australia, comprises two uranium deposits, Centipede and Lake Way. Toro is planning to mine these deposits and, dependent on statutory and Board approvals, is currently on track to commence mine, plant and associated infrastructure construction from late 2012.

Environmental Approvals

At the end of the year, the Project was well advanced in the statutory approvals process with the Environmental Review and Management Program (ERMP) to be released for public comment. This substantial document describes in detail the Project, the existing environment, its likely impacts on the environment, and how those impacts would be managed.

The ERMP will be available for public comment for a period of 14 weeks from 25 July 2011. At the end of the review period, Toro will be asked to respond to public and Government Agency submissions before the WA Environmental Protection Agency prepares and submits its report and recommendations to the WA Environment Minister. The Project is also being assessed by the Australian Government.

Resource Evaluation Pit

Further advancements to the Project were made with the completion of the Resource Evaluation Pit (REP). This work was undertaken to trial the proposed mining methodology, the grade control process, test ground water management methods and provide ore for further metallurgical testing.

Whilst additional work is required to refine the water management system, the mining method and grade control process were successfully demonstrated and results exceeded expectations. Approximately fifteen tonnes of ore sample was extracted and stored on site in preparation for the metallurgical test work and pilot plant programs.

The REP has now been backfilled and a rehabilitation program has commenced using a variety of seeding methods to determine the most successful planting methods and seed types for ultimate closure and rehabilitation of the mine.

Toro metallurgical consultant reviewing the performance data of the pilot plant grinding circuit.



Metallurgical Test Work Program

The heap leach test program initiated in 2009 continued until it became evident that agitated alkaline leach processing offered benefits of improved recovery and a vastly reduced lead time to uranium production. As a result, agitated alkaline leach at elevated temperature (approximately 90°C) is Toro's preferred process route.

During the year, significant progress was made in proving up the agitated alkaline leach process.

Following extraction of the ore from the REP, samples were prepared for a program of bench scale test work. This program commenced in March 2011 with completion in July 2011. Each of the key process parameters was tested at bench scale, including grind size optimisation, leach time and temperature, uranium dissolution, solid/liquid separation, uranium precipitation and vanadium removal. In all areas the results were within expectations and in some areas, particularly uranium precipitation, exceeded expectations.

Following the completion of this bench scale test program during the year, a pilot plant trial was then set to commence with establishment of the pilot plant in June and operation scheduled to commence in late July. The plant will run at approximately 20kg/hr (0.5 tonne per day) over two continuous ten day campaigns. This will provide further detailed information for process development and design, a sample of final product for converter delivery and allow optimisation of all process parameters.

The results of the very successful Pilot Plant test were reported to the ASX on 26 September 2011.

In addition, a program of variability test work commenced in July 2011. This program will test a range of different ore samples compiled from drill core taken from across both the Centipede and Lake Way resources during the 2010 drill program. This test work will examine mineralogy and milling and leaching performance within the circuit across the different ore types that occur within the resource.

Definitive Feasibility Study – Engineering component

In June a Request for Proposals was sent to several engineering consulting companies seeking proposals to undertake the engineering component of Toro's Definitive Feasibility Study (DFS). Five companies responded positively. Following assessment of the proposals a consultant will be selected and engaged to undertake the DFS engineering. Prior to the start of the DFS, the consultant will participate in the Pilot Plant test work program so outcomes can be incorporated into the process plant design.

Resource Evaluation

Both aircore and sonic drilling were completed on Centipede and Lake Way. This drilling improved the definition of known mineralisation with results being used in the post end of year resource update. Some results from the sonic drilling are given in the table below.

Hole No	From (m)	To (m)	Metres	U ₃ O ₈ (ppm)
CPS002	1.0	5.5	4.5	817
CPS017	0.5	4.5	4.0	948
CPS022	0.0	4.5	4.5	812
CPS026	1.5	5.0	3.5	691
CPS036	1.0	5.0	4.0	724
CPS037	1.0	5.0	4.0	642
CPS038	0.5	4.0	3.5	1251
CPS039	1.0	4.0	3.0	1124
CPS057	1.0	3.5	2.5	1199
CPS058	0.5	2.5	2.0	1253
LWS001	1.5	3.0	1.5	684
LWS006	2.0	4.0	2.0	913
LWS007	1.5	5.0	3.5	1202
LWS008	3.0	9.0	6.0	322
LWS010	2.0	5.5	3.5	452
LWS011	1.5	8.0	6.5	562
LWS012	1.0	6.5	5.5	353
LWS017	2.5	6.5	4.0	333
LWS019	8.5	10.0	1.5	1455
LWS024	10.0	11.5	1.5	1082

Table 1: Centipede and Lake Way Sonic Drill Results (using 200ppm U₃O₈ cutoff)

During the year Toro acquired additional resources in the Wiluna region with the purchase of the Dawson Hinkler Project. Along with Centipede and Lake Way this resource is currently being reviewed and updated.

At year end, the acquisition of the estimated 4 to 5 Mlb U₃O₈ Millipede Project from Norilsk Nickel was in progress and subsequently completed.

Subsequent to the year end, 70% of the Nowthanna uranium project was also purchased (refer ASX Release 18 July).

Exploration

Despite weather events and conditions in the field being extremely challenging the Toro exploration team recorded some major achievements. First pass drill results from several grassroots projects demonstrated a compelling technical success story at the Lake Mackay, Birrindudu Projects in Western Australia; the Reynolds Range, Sandover and Ngalia Projects in the Northern Territory; and also in Namibia. Significant uranium drill intersections were made at Lake Mackay and also at Reynolds Range. As a result, Toro will be following up some very exciting exploration leads in the year ahead.

The Australian and Namibian exploration licences and applications held by Toro Energy, or subject to uranium access and joint venture rights, as at 30 June 2011, are shown on Figure 3. The summary statistics and the areas they cover (km²) are shown in Table 2 and a full list of all tenements and applications is given in Table 5, at the end of the report.

Toro Exploration Tenure Area (km²)

Region (km ²)	Granted	Application
South Australia	4,462	-
Northern Territory	6,552	19,589
Namibia	1,323	-
Western Australia	4,531	348
TOTAL	16,868	19,937

Table 2: Toro Tenement area statistics as at end of June 2011.

Toro Drilling Statistics

	Method	Holes	Metres drilled
Lake Mackay, WA	aircore	120	10,637
	Mud-rotary	8	920
	RAB-aircore	169	4928
Birrindudu JV, WA	aircore	13	950
	Reverse circulation	5	840
Reynolds Range, NT	aircore	39	3501
Sandover, NT	aircore	47	3314
Ngalia, NT	aircore	6	597
TOTAL		407	25,687

Table 3: Toro Exploration drilling statistics to the end of June 2011.

Project	Hole Number	Interval thickness (m)	From (m)	Average grade eU ₃ O ₈ (ppm)	Peak eU ₃ O ₈ Result (ppm)
Lake Mackay, WA	LM0003	0.58	80.04	159	281
	LP0091	0.54	74.82	141	211
	LP0091	0.38	80.54	211	312
	LP0126	1.2	101.52	196	505
Reynolds Range, NT	RP00024	0.52	159.13	136	194
	RP00026	0.26	150.56	79	100
	RP00027	0.6	159.00	151	350
	RP00031	0.28	139.03	84	100
	and	0.44	141.31	92	137
Ngalia, NT	NP2	3.12	96.25	125	161

Table 4: Summary of significant results for the drilling in 2010/2011, using a 75 ppm cut-off.

Toro conducted more than 25,000m of drilling across Western Australia and the Northern Territory during the 2010/2011 financial year, despite one of the most adverse Winter/Spring rain seasons in 25 years in Central Australia. Discovery of uranium mineralisation in new areas of Lake Mackay and Reynolds Range expanded the area of interest beyond the Theseus Prospect, discovered in 2009.

Central Australia

(Northern Territory and Western Australia Projects adjacent to NT border)

Toro continued to focus its exploration effort in the Central Australian region targeting areas with significant Tertiary sands and clays eroded from high background uranium hinterlands. This region is viewed as analogous with the Chu-Sarysu Basin of Kazakhstan and the Frome Embayment of South Australia, with central tectonic uplift zones of radiogenic crust and a widespread multi-phase sedimentary apron containing organic units and permeable sands. Both these analogous regions host significant resources of uranium and are potential burgeoning mining provinces.

The most significant uranium drill results to 30 June are shown in Table 4.

Highlights included:

- Uranium intercepts in palaeochannel sands at Lake Mackay at distances of 10 to 20km from the Theseus Prospect along regional reconnaissance traverses approximately 5km apart.
- Intercepts of lithologies with mafic affinities and nickel and chrome anomalism in shallow RAB-aircore geochemically testing magnetic and gravity anomalies at Pokali East, Lake Mackay, Western Australia.
- A new discovery of a uranium mineralisation system in Tertiary unconsolidated sands and clays in the NE corner of Toro's Reynold's Range tenements with the best intercept of 0.6m @ 151ppm eU_3O_8 . The drill results confirmed Toro's exploration model for this area. Similar interbedded reduced coarse sands and clays were intersected 70km east and will be further tested in 2011.



Exploration drilling at the Theseus project, Lake Mackay Western Australia.

- Strong alteration and encouraging results were intersected at the Ventura Prospect in the Birrindudu Project (50.01% Toro, 49.09% Cameco). Dark grey, sulphidic alteration was intersected in Gardiner Sandstone over 30m wide intervals in two holes at shallow depths. Various elements are elevated up to 10 times background in this zone including the elements: K, Al, U, Cu, Zn, Pb, Ag, As, Se and Tl. Follow up ground geophysics has located a chargeable response worthy of further drilling.
- Drill hole NP 2 at the Ngalia Project reported a minor anomalous gamma response in 2km spaced reconnaissance drilling. Unfortunately confirmatory assaying reports high thorium.
- A SkyTEM airborne electromagnetic (AEM) survey over EL27138, Wiso Project covering 1625 km² (1077 line km) was completed approximately 340 km north of Alice Springs. This collaborative geophysical survey between Toro Energy and the Northern Territory Department of Mines defined areas with high conductivity possibly indicating palaeochannels worthy of follow up drilling.

Subsequent to the year end additional follow up drilling has confirmed the Theseus Prospect as a significant uranium discovery. Refer to ASX releases dated 18 August, 29 August and 19 September.

Namibia

25% Toro Energy (through Nova Energy (Namibia) Pty Ltd), 10% Sixzone Investments (Namibia) operated by (Deep Yellow Limited (DYL) through Reptile Uranium Namibia (RUN) 65%)

RUN completed a 10,000m reconnaissance RC drilling program in June targeting uranium mineralisation associated with "alaskite" granite hosted mineralisation. A number of drill holes reported minor gamma responses.

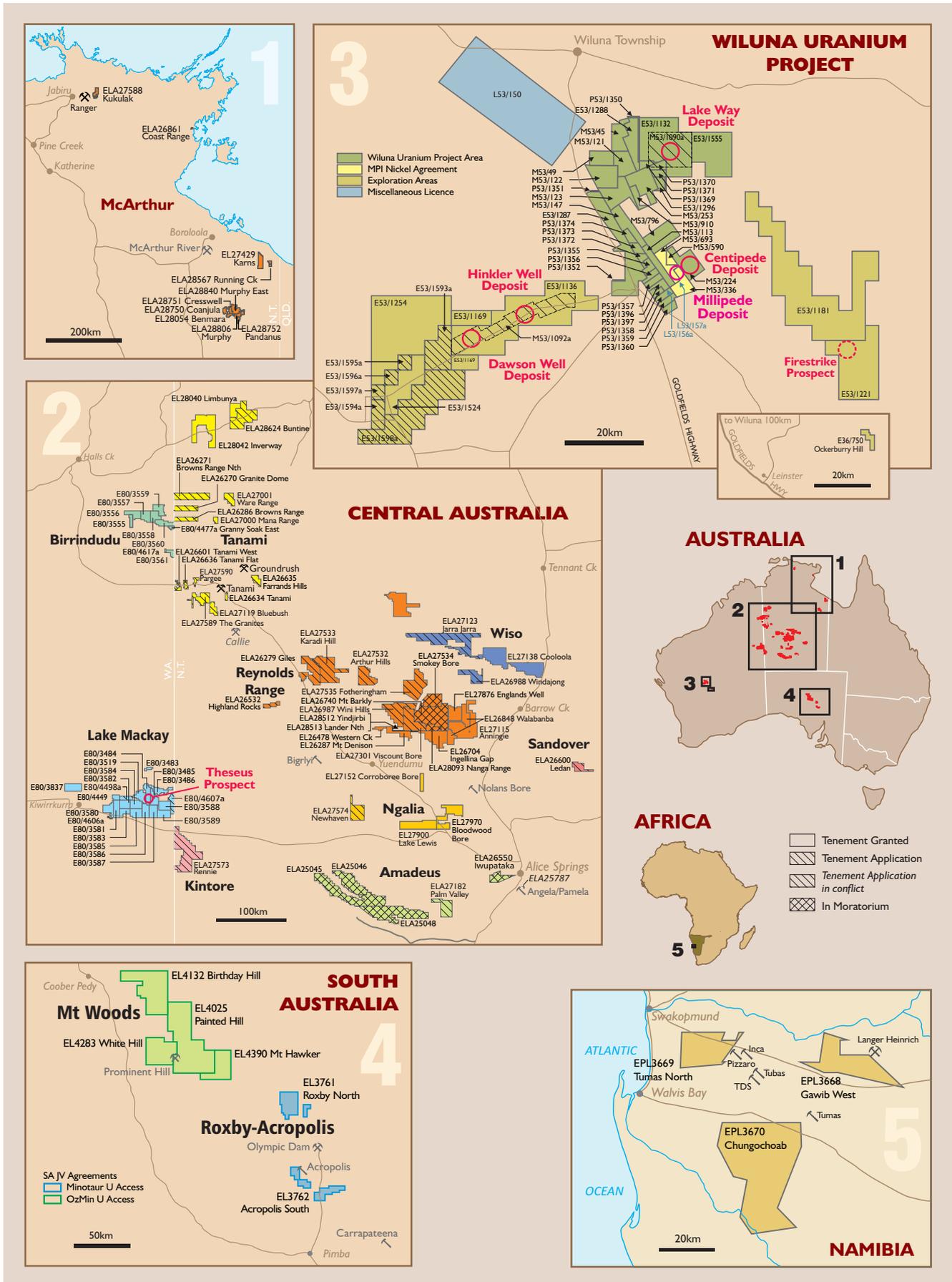


Figure 3: Australian and Namibian exploration licences and applications held by Toro Energy or subject to uranium access and joint venture rights.



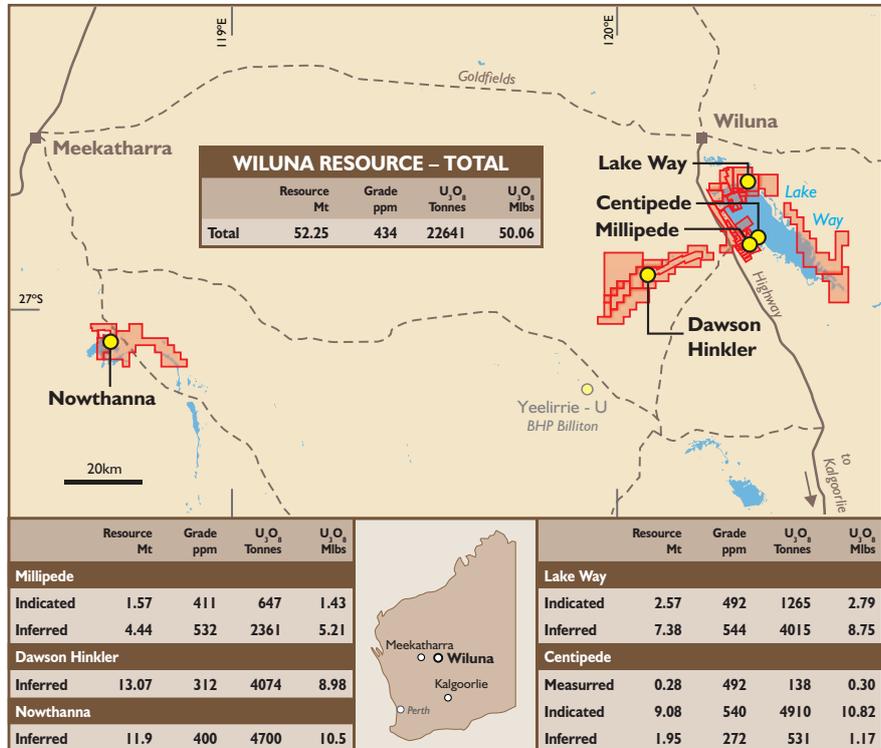
Business Development

Toro's Business Development activity was focused on delivery of the core corporate strategy: *significant and sustainable uranium production*. Essentially this entailed moving the Company towards its ultimate goal of near term production with a production base of around 1000tpa (2.2Mlb) U_3O_8 by 2015. One of the keys to this has been the building of a regional resource base centred around Wiluna that could support uranium mining for a minimum of 15 years.

Longer term the strategy calls for 2500tpa U_3O_8 by 2020 (from Wiluna and another project) and a significant resource base of greater than 220Mlb in the same time period. It is possible that this growth can come from either organic growth or Merger and Acquisition activity.

Toro has a significant exploration business and this provides opportunity for the company to grow organically. Business Development supported this activity during the year by ensuring sufficient capital was available to test each project to its full potential. An example is the Theseus project at Lake Mackay. As this project matures significant drilling budgets will need to be approved and Toro's Business Development factors this in when negotiating cornerstone style investment agreements or determining the quantum of funds required from the equity markets.

Merger and Acquisition opportunities are being continuously assessed. Toro is generally reviewing 2-3 opportunities at any one time but each opportunity undergoes detailed due diligence, financial analysis and quantification of synergies. Corporate culture is another factor considered in our assessments as it is critical that the merged group can move forward with an agreed vision and understanding of the industry.



All resources are reported using a 200 ppm U_3O_8 cutoff grade

More recently Business Development has been working hard to secure a financial structure for the Wiluna project. All options are under consideration, although with recent weakness in equity markets and the uranium market conditions post Fukushima, the possibility of Toro introducing a strategic investor to fund a major portion of the project has increased. The key to these investors is the securing of uranium offtake in a market that is looking increasingly constrained post 2013. Toro Business Development is confident that a combination of strategic investment, project debt and equity markets will fund the project in full.

Key achievements of Business Development during the year included:

- The acquisition of the 6.2Mlb U_3O_8 Dawson Hinkler Well project from U3O8 Ltd for \$6.2m;
- The acquisition of the 4-5Mlb U_3O_8 Millipede Project from Norilsk Nickel for \$4.5m (legal documentation still in progress at year end); and
- Completion of the asset acquisition deal with MMG which allowed Toro to acquire all of the tenements at Wiluna in addition to Pastoral stations and other assets.

These deals have both added a significant resource base to the Wiluna regional resource position but also helped to continue de-risking the project in critical ways. Toro will continue this important consolidation work in the region during the next financial year.

Financial Report *for the year ended 30 June 2011*

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Directors' Report

Your directors submit their financial report for the year ended 30 June 2011.

DIRECTORS

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

Ms Erica Smyth	<i>Chairman</i>	
Mr Greg Hall	<i>Managing Director</i>	
Mr Derek Carter	<i>Non Executive Director</i>	
Mr Peter Lester	<i>Non Executive Director</i>	
Mr John Nitschke	<i>Non Executive Director</i>	
Mr Andrew Coles	<i>Non Executive Director</i>	
Mr Jeff Sells	<i>Non Executive Director</i>	Retired 2 August 2010

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

Names, qualifications, experience and special responsibilities

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

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

Ms Smyth is also the Chairman of Scitech, ScreenWest and the Diabetes Research Foundation of WA. She is a Member of the Board of the Australian Nuclear Science and Technology Organisation (ANSTO), the Royal Flying Doctor Service (Western Operations) and the Australia Korea Foundation. Ms Smyth is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management.

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

Mr Greg Hall, BEng (*Managing Director*)

Mr Hall is a Mining Engineer with 30 years experience in the resources industry, including 23 years in the uranium industry in operational management, senior marketing and MD roles. Mr Hall was previously Director Sales – Bauxite and Alumina with Comalco, a member of the Rio Tinto Group, which he joined in 2004. Prior to this he held the role of Marketing Manager (North America) for ERA Ltd from 2000 to 2004, including a period of one year managing business improvement processes at ERA's Ranger project. He was Manager – Mining of ERA Ltd's Ranger and Jabiluka operations, and held a variety of senior technical and operational management roles at WMC Resources Ltd at its nickel operations and the Olympic Dam project, where he was Underground Manager and Mining Manager. He undertook a secondment to LKAB's iron ore mining operations in Sweden in 1992/93. Mr Hall has been Managing Director of the Company since March 2006.

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

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

He was Vice President and later, President, of the South Australian Chamber of Mines and Energy, was a director of the Australian Gold Council and Chairman of the Minerals Exploration Advisory Group, a body advising the Federal Minister on issues affecting exploration within Australia. He is a member of the South Australian Government's Resources Industry Development Board, and the Minerals and Petroleum Experts Group. He is a Board member of the Australasian Institute of Mining and Metallurgy (AusIMM).

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

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

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

Mr Nitschke was appointed to the Board on 15 June 2009 and is a mining engineer with over 35 years experience in the resources industry in mining operations and project management. Most recently he had executive responsibility for the development of the Prominent Hill operation for OZ Minerals Ltd in South Australia. He is also the Chairman of TSX listed Continental nickel and a director of IMX Resources Ltd.

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

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

Mr Coles was appointed to the Board on 14 September 2009 and is the Chief Financial Officer of OZ Minerals Ltd and has over 30 years experience in the resources industry. He commenced his career with CRA Ltd (now Rio Tinto) where he held roles in accounting, finance and treasury in Melbourne, London and Dampier. He then joined Esso Australia where he held roles in treasury, planning and public affairs in Melbourne and Houston, including as Treasurer of ExxonMobil Australia. In 2003, he joined Pasminco Ltd during its administration as Group Treasurer then held the same role in Zinifex Ltd following its float in 2004. From 2007, he worked primarily on M&A activities, including the IPO of Nyrstar in Belgium in 2007, the merger with Oxiana in 2008 and the asset sale process in 2009. Mr Coles was appointed CFO of OZ Minerals in June 2009.

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

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

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

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

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

Mr Sells was appointed to the Board on 30 October 2007 and has retired from the Board on 2 August 2010. Prior to this Mr Sells was Chief Financial Officer of Oxiana Ltd for over 4 years supporting the Company's growth up until the merger with Zinifex Ltd to create OZ Minerals Ltd. Prior to this Mr Sells spent 10 years at Ashton Mining Ltd in senior financial positions and two years as Group Treasurer at pharmaceuticals Company, Sigma Company Ltd. He has extensive experience with mining operations in Australia, Africa and South East Asia, and a background in general management, accounting, tax, treasury and corporate finance.

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

COMPANY SECRETARY

Mr Donald Stephens, BA (Acc), FCA

Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, CRW Holdings Ltd and Papyrus Australia Ltd and is Company Secretary to Minotaur Exploration Ltd, Mithril Resources Ltd and Petrathem Ltd. He holds other public Company Secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

He is the secretary of the Company's Audit Committee.

DIVIDENDS

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

PRINCIPAL ACTIVITIES

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

- Advancing project test work, approvals and the definitive feasibility for Toro's 100% owned Wiluna uranium project;
- Exploration and assessment of the tenement portfolio of uranium & other minerals;
- Expansion and improvement of the Company's JORC Resource base; and
- Review and execution of value-adding corporate or uranium project acquisitions.

OPERATING RESULTS FOR THE YEAR

The Company's net loss after income tax was \$21,730,735 (2010: \$16,610,523 Loss). Included in the loss were the following impairments, \$8,082,586 resulting from decisions to cease exploration activities over 16 tenements, \$10,886,844 write down of continuing uranium rights assets and \$1,109,255 impairment of the investment in associate (Namibia JV). At the time of reporting the Company maintains 93 tenements in its exploration and evaluation portfolio.

OPERATIONS OVERVIEW

Corporate Activity

Over the 2011 financial year Toro continued its uranium consolidation strategy in the Wiluna district with the:

- Completion of the agreement to purchase the Dawson-Hinkler Well project from U3O8 Ltd;
- Execution of a Letter of Intent with MPI Nickel Pty Ltd ("MPI", a subsidiary of Norilsk Nickel Australia Pty Ltd) to purchase three mining tenements that cover a uranium mineralised zone called Millipede which borders Toro's Centipede deposit;
- Signing of a non-binding Memorandum of Understanding (MoU) with ASX-listed Impact Minerals Ltd and other vendors to purchase approximately 70% of the Nowthanna (WA) uranium deposit;
- Additional tenement applications made over a significant area of ground containing uranium potential to the west of the Dawson-Hinkler Well project and contained within the same uranium mineralised channel.

In addition, Toro finalised the purchase of tenement titles, pastoral leases and other assets at Wiluna from Minerals and Metals Group (MMG), providing full land tenure security to the development of the Wiluna Project.

Directors' Report (cont.)

Uranium Market

On 11 March 2011 Japan was hit by a massive earthquake that moved the central part of the country a few metres east. This was followed by a devastating tsunami that was reported to be in excess of 15m in height.

The tsunami caused a loss of backup power at the Fukushima Daiichi power plant, where three reactors were in the process of safely shutting down after the earthquake. This resulted in a heat and pressure build up at the reactors causing a release of radiation. Recovery work continues at Japan's Fukushima Daiichi nuclear power plant with reported success in bringing all the reactors under control.

The uranium spot price dropped significantly after the incident but lifted from the post Fukushima lows to end the financial year at US\$54.25. The long term price declined slightly to US\$68 per lb U₃O₈ but is showing the continued strength needed to support new uranium mining operations.

While Germany and Switzerland have announced plans to phase out nuclear power, they still require uranium as their phase outs are over 10 and 25 years respectively.

The major nuclear countries of France, USA, China, India, S Korea, Russia and the UK have re-confirmed their commitment to nuclear power.

Toro still sees a strong future demand for uranium and is continuing with its aim of achieving production from the Wiluna Project by late 2013.

Wiluna Project

Progress on the Wiluna Project included:

- Approval by the Western Australian Environmental Protection Authority (EPA) for the Environmental Review and Management Programme (ERMP) to be on public display from Monday 25 July through to 31 October 2011;
- Completion of the Resource Test Pit that successfully demonstrated the proposed mining and grade control method and provided 'bulk' samples for subsequent pilot plant studies;
- Drilling results and geological interpretation data finalised in preparation for the resource upgrade;
- Continued resource consolidation in the Wiluna district through value adding acquisitions;
- Bench-scale testing completed with outcomes confirming the viability of the preferred agitated leach process route;
- Pilot Plant designed, built and operated with the results confirming bench scale tests and providing final parameters for the Feasibility Study;
- Significant environmental studies including flora and fauna, ground and surface water and soil investigations completed;
- The indigenous training and employment program continued in association with work on the Resource Test Pit, with three trainees and a mentor employed.

In June, a Request for Proposals document was sent to several Perth based engineering companies seeking proposals to undertake the engineering component of the Definitive Feasibility Study. At the time of writing the Company was in the final stages of selection.

The Traditional Owners participated in a two day site visit in April to further discuss Project configuration and any impacts on cultural heritage. This followed cultural mapping of the Project Area undertaken by the Traditional Owners during 2010. Toro has proposed to the representative body for the Traditional Owners, Central Desert Native Title Services, that negotiation of a mining agreement commence as soon as issues associated with project configuration are resolved.

Napperby Uranium Project (NT)

Final inspection by the NT Department of Resources completed in early November and Toro received final sign-off for the rehabilitation work completed.

Exploration

Toro's recently released drill results from Lake Mackay's "Theseus" prospect confirms the target area to be a large uranium mineralised system that is at least 8km².

Toro is evaluating two mineralisation models, being a Kazakhstan style "tabular model" and a Beverley style "roll front model" both of which could be amenable to In Situ Recovery (ISR) mining methods.

Aircore drilling for uranium at the southern Lake Mackay tenements has uncovered a potential new province with mafic intrusion related Ni-Cr mineralisation.

Due to the interest in a potash resource announced by Reward Minerals in 2009 over the central and northern Lake Mackay salt lake, Toro completed a heritage clearance to allow vibrocore drilling and possible trenching to test the potash potential on its own tenements.

Following Toro's completion of the earn-in expenditure to achieve 50.01% (ASX release: 1 Feb 2011) in the Birrindudu prospect, Toro and Cameco agreed to complete a ground EM survey across two target areas. Diamond drilling is scheduled for H2 of 2011.

The Company conducted an airborne electromagnetic (AEM) survey over EL27138 within the Company's Reynolds Range prospect. An aircore drilling program over granted parts of the Reynolds Range discovered distinctive redox interfaces and moderate uranium mineralisation in the NE corner of Toro's Mt Denison tenements. Aircore drilling on the eastern Anningie targets is scheduled to commence in H2 of 2011.

In the preparation of the annual accounts the Company reviews the fair value of its assets including its Exploration and Evaluation Assets and Investment in Associates.

In line with AASB 6 'Exploration for and Evaluation of Mineral Resources' an impairment of \$10.9m was made to the Company's Uranium Rights over EL4390, EL4025, EL4132 & EL4283, the 'Mt Woods' prospect. The impairment reflects the Company's view of reduced prospectivity for uranium across these tenements considering the results of OZ Minerals' drill campaign during the financial year.

During the financial year Deep Yellow Ltd, through its wholly owned Namibian subsidiary Reptile Mineral Resources Exploration Pty Ltd, completed its earn-in commitments under the Namibian JV agreement. Its right to a transfer of 65% ownership of Toro's Namibian subsidiary Nova Energy (Namibia) (Pty) Ltd was executed and finalised in December 2010. Toro retained 25% of the Company and accounted for its remaining interest in line with AASB 128 'Investment in Associates'. Under AASB 128 the investor must apply the requirements of AASB 139 to determine whether it is necessary to recognise an impairment of the investment. In line with AASB 128 and AASB 139 an impairment of \$1.1m was posted to the Namibian investment asset at 30 June 2011. The impairment reflects the Company's view of reduced prospectivity for uranium across these tenements considering the results of the completed drill campaign during the financial year.

RISK MANAGEMENT

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 1 July 2011 a sign-on bonus including 500,000 ordinary shares with a fair value of \$40,000 were granted to an employee. In addition 2,000,000 options with strike prices between \$0.11 and \$0.25 were issued to the employee under the Company's Employee Share Option Plan (ESOP) with a fair value of \$100,250.

On 1 August 2011 10,300,000 options with a strike price of \$0.13 were issued to employees under the ESOP with a fair value of \$623,150.

On 26 August 2011 525,000 options with a strike price of \$0.13 were issued to employees under the ESOP with a fair value of \$28,140.

There have been no other matters or circumstances, other than those referred to in the financial statements or notes above, that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations or the state of affairs of the consolidated group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

Environmental and Social Policy

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

Directors' Report (cont.)

The Company's Environment and Social Policy is to:

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

To support this policy we will adopt the following practices:

Environment

- Minimise clearing of local vegetation prior to exploration activity;
- Implement adequate controls on fuels and other chemicals used in drilling;
- Cap and make safe drill holes;
- Construct the minimum number of access tracks;
- Eliminate the transport of weeds or other exotic species between regions;

- Apply best practical methods known and available to the Company during exploration, particularly with respect to uranium;
- Rehabilitate land affected by exploration with the aim of returning it to its previous use;
- Train employees and assist contractors to achieve the above environmental aims.

Social

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

SHARE OPTIONS

Unissued Shares

For the period ending 30 June 2011, the movements in options to acquire ordinary shares in the Company were:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2010	Net Issued/ (lapsed) during Year	Balance at 30 June 2011
24/03/2006	23/03/2011	\$0.40	4,000,000	(4,000,000)	-
01/04/2006	31/03/2011	\$0.35	2,000,000	(2,000,000)	-
01/04/2006	31/03/2012	\$0.45	1,000,000	-	1,000,000
27/09/2006	26/09/2011	\$0.65	500,000	-	500,000
12/12/2006	11/12/2011	\$0.88	440,000	-	440,000
19/03/2007	18/03/2012	\$1.15	200,000	-	200,000
04/07/2007	9/04/2012	\$1.21	100,000	-	100,000
04/07/2007	3/07/2012	\$1.21	100,000	-	100,000
04/07/2007	18/02/2012	\$1.21	20,000	-	20,000
19/11/2007	18/11/2012	\$0.73	500,000	-	500,000
14/12/2007	13/12/2012	\$0.61	760,000	-	760,000
20/11/2007	19/11/2012	\$0.73	3,000,000	-	3,000,000
07/08/2008	6/08/2013	\$0.55	850,000	-	850,000
18/12/2008	17/12/2013	\$0.25	1,665,000	-	1,665,000
09/11/2009	19/03/2014	\$0.25	1,000,000	-	1,000,000
03/02/2010	2/02/2015	\$0.22	5,555,000	-	5,555,000
04/01/2011	3/01/2016	\$0.22	-	4,270,000	4,270,000
26/05/2011	25/05/2016	\$0.15	-	250,000	250,000
26/05/2011	25/05/2016	\$0.22	-	250,000	250,000
			21,690,000	(1,230,000)	20,460,000

Subsequent to balance date a further 12,825,000 options were issued as noted above.

On 12 January 2011 the Company granted to directors 6,000,000 unlisted options to acquire shares in the Company subject to shareholder approval. For 5,000,000 options the Exercise Price will equal the prevailing market price on the day of issue (being the date of shareholder approval) plus a premium of 37.5% (but not less than \$0.22). For 1,000,000 options the Exercise Price will equal the prevailing market price on the day of issue (being the date of shareholder approval) plus a premium of 87.5% (but not less than \$0.30). The exercise period for all options commences on the day of issue and ends on 11 January 2016.

Shares issued as a result of the exercise of options

No shares have been issued as a result of the exercise of options throughout the period ended 30 June 2011 or after the balance date at the time of signing this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of \$49,500. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' MEETINGS

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

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Number of meetings held	10		4		1	
Number of meetings attended:	Eligible	Attended	Eligible	Attended	Eligible	Attended
Ms Erica Smyth	10	10	-	-	1	1
Mr Greg Hall	10	10	-	-	1	1
Mr Derek Carter	10	7	-	-	-	-
Mr Peter Lester	10	7	4	4	-	-
Mr John Nitschke	10	9	4	4	-	-
Mr Andrew Coles	10	10	-	-	1	1

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

Peter Lester	Non-executive director <i>Appointed 27 August 2010</i>
John Nitschke	Non-executive director
Jeff Sells	Non-executive director <i>Retired 2 August 2010</i>

Note: Donald Stephens (Company Secretary) attended all Audit & Risk Committee meetings

Members acting on the Remuneration Committee of the Board are:

Erica Smyth	Non-executive Chairman
Greg Hall	Managing director <i>Retired 20 June 2011</i>
Andrew Coles	Non-executive director
Derek Carter	Non-executive director <i>Appointed 20 June 2011</i>

PROCEEDINGS ON BEHALF OF THE COMPANY

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.

Directors' Report (cont.)

REMUNERATION REPORT (AUDITED)

Remuneration philosophy

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. At the time of determining remuneration, consideration is given by the Board to the Company's financial performance.

Key management personnel remuneration, performance evaluation and equity holdings

The Remuneration Committee is responsible for reviewing and making recommendations to the Board which has ultimate responsibility for the following remuneration matters:

- remuneration and incentive framework for the Managing Director;
- incentive framework for all staff;
- remuneration of Toro Group non-executive directors.

The Managing Director has the delegated authority to review and authorise the remuneration of executives, senior management and staff.

The policy is to align director, executive and senior manager objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. 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 is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

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

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

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 employment conditions of the Managing Director, Mr Greg Hall, are formalised in a contract of employment. Mr Hall commenced employment on 29 March 2006 and his gross salary, inclusive of the 9% superannuation guarantee, is \$350,031 per annum. The Company may terminate the employment contract without cause by providing six months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager - Business Development, Mr Simon Mitchell, are formalised in a contract of employment. Mr Mitchell commenced employment on 26 September 2006 and his gross salary, inclusive of the 9% superannuation guarantee, is \$240,931 per annum. The Company may terminate the employment contract without cause by providing two months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager - Exploration, Mr Mark McGeough, are formalised in a contract of employment. Mr McGeough commenced employment on 4 August 2008 and his gross salary, inclusive of the 9% superannuation guarantee, is \$244,815 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing two months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager - Finance and Corporate, Mr Todd Alder, are formalised in a contract of employment. Mr Alder commenced employment on 20 February 2008 and his gross salary, inclusive of the 9% superannuation guarantee, is \$171,679 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing two months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager - Marketing and Project Finance, Mr Martin Janes, are formalised in a contract of employment. Mr Janes commenced employment on 9 May 2011 and his gross salary, inclusive of the 9% superannuation guarantee, is \$250,700 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing two months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Former Key Management Personnel

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

Table 1: Directors' remuneration for the year ended 30 June 2011 and 30 June 2010

		Short Term Salary & Fees	Short Term Cash Bonus	Post Employment Superannuation	Share-based Payments* Value of options	Total \$
Erica Smyth	2011	77,982	-	7,018	-	85,000
	2010	77,982	-	7,018	-	85,000
Gregory Hall	2011	297,858	-	26,807	-	324,665
	2010	285,229	50,000	30,171	126,800	492,200
Derek Carter	2011	50,459	-	4,541	-	55,000
	2010	50,459	-	4,541	-	55,000
Peter Lester	2011	58,104	-	5,229	-	63,333
	2010	50,459	-	4,541	-	55,000
Jeff Sells ⁽²⁾	2011	5,198	-	468	-	5,666
	2010	59,633	-	5,367	-	65,000
John Nitschke ⁽¹⁾	2011	57,189	-	5,147	-	62,336
	2010	52,561	-	4,730	-	57,291
Andrew Coles	2011	50,459	-	4,541	-	55,000
	2010	39,946	-	3,595	-	43,541

* Estimated option value is calculated using the Black Scholes methodology – see note 12 of the Financial Report for further information.

(1) During the 2011 financial year John Nitschke received fees directly of \$29,434 and indirectly through Josteni Pty Ltd, a Company of which he is a director, of \$27,755.

(2) Resigned 2 August 2010.

Table 2: Remuneration of specified executives for the year ended 30 June 2011 and 30 June 2010

		Short Term Salary & Fees	Short Term Cash Bonus	Post Employment Superannuation	Share-based Payments* Value of options	Total \$
Simon Mitchell	2011	210,991	-	19,380	51,000	281,371
	2010	192,272	20,000	19,104	106,800	338,176
Mark McGeough	2011	217,254	-	19,971	51,000	288,225
	2010	208,296	15,000	20,097	53,400	296,793
Martin Janes	2011	33,910	-	2,533	28,450	64,893
	2010	-	-	-	-	-
Dayle Kenny	2011	60,866	-	5,355	-	66,221
	2010	224,400	12,000	21,276	106,800	364,476
Todd Alder	2011	152,352	-	13,712	51,000	217,064
	2010	138,600	10,000	13,374	37,380	199,354
Donald Stephens ⁽¹⁾	2011	-	-	-	15,300	15,300
	2010	-	-	-	32,040	32,040

* Estimated option value is calculated using the Black Scholes methodology – see note 12 of the Financial Report for further information.

(1) During the 2011 financial year Donald Stephens received fees indirectly through HLB Mann Judd (SA) Pty Ltd. Refer note 22 (b).

Directors' Report (cont.)

Options issued as part of remuneration

30 June 2011	Grant Number	Grant Date	Value per option at grant date (\$)	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	% of Remuneration	
Executives									
	Simon Mitchell	500,000	04/01/11	0.10	0.22	03/01/16	04/01/11	03/01/16	18%
	Mark McGeough	500,000	04/01/11	0.10	0.22	03/01/16	04/01/11	03/01/16	18%
	Martin Janes	250,000	26/05/11	0.06	0.15	25/05/16	26/05/11	25/05/16	22%
	Martin Janes	250,000	26/05/11	0.05	0.22	25/05/16	26/05/12	25/05/16	22%
	Todd Alder	500,000	04/01/11	0.10	0.22	03/01/16	04/01/11	03/01/16	23%
	Donald Stephens	150,000	04/01/11	0.10	0.22	03/01/16	04/01/11	03/01/16	100%

Share holdings of key management personnel

30 June 2011	Balance at 1 July 2010	On Exercise of Options	Net Change Other	Balance at 30 June 2011
Directors				
	Erica Smyth	132,217	-	132,217
	Greg Hall	128,333	48,000	176,333
	Derek Carter	113,333	-	113,333
	John Nitschke	-	250,000	250,000
	Peter Lester	-	-	-
	Andrew Coles	-	-	-
		373,883	298,000	671,883
Executives				
	Donald Stephens	35,000	-	35,000
	Simon Mitchell	-	-	-
	Mark McGeough	38,386	11,500	49,886
	Todd Alder	-	-	-
	Martin Janes	-	-	-
	Dayle Kenny	133,333	-	133,333
		206,719	11,500	218,219

Option holdings of key management personnel

30 June 2011	Balance at 1 July 2010	Granted as remuneration	Options Exercised	Net Change Other	Balance at 30 June 2011
Directors					
	Erica Smyth	1,000,000	-	-	1,000,000
	Greg Hall	4,000,000	-	(2,000,000)	2,000,000
	Derek Carter	1,000,000	-	(1,000,000)	-
	John Nitschke	-	-	-	-
	Peter Lester	1,000,000	-	-	1,000,000
	Andrew Coles	-	-	-	-
Executives					
	Donald Stephens	750,000	150,000	-	900,000
	Simon Mitchell	2,000,000	500,000	-	2,500,000
	Mark McGeough	1,250,000	500,000	-	1,750,000
	Todd Alder	875,000	500,000	-	1,375,000
	Martin Janes	-	500,000	-	500,000
		11,875,000	2,150,000	(3,000,000)	11,025,000

CORPORATE GOVERNANCE STATEMENT

The Board is committed to preserving and enhancing shareholder value through adhering to the highest standards of corporate governance. Where possible and reasonable the Board ensures compliance with the ASX Corporate Governance Council's "Corporate Governance Principals and Recommendations with 2010 Amendments (2nd Edition)".

Principle 1

– Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Compliant: The Company has drafted, adopted and published on its website a Board Charter which establishes the functions reserved to the Board and those delegated to senior executives.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Compliant: A performance evaluation of senior executives was conducted in December 2010 in accordance with the processes outlined in the Remuneration Report. Induction procedures and materials, outlining industry information, the Company's financial position, strategy and operations, are used for new appointments.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Compliant: Provision of the information indicated in the Guide to reporting on Principle 1 is made in the Annual Report and on the Company's website.

Principle 2

– Structure the Board to add value

Recommendation 2.1:

A majority of the Board should be independent directors.

Compliant: There are six directors on the Company Board. Four of the six directors are considered to be independent by the Company.

- Ms Smyth is considered as an independent director as she has no other material relationship or association with the Company or its subsidiaries other than her directorship.
- Messrs Lester, Nitschke and Carter are considered as independent directors as they have no other material relationship or association with the Company or its subsidiaries other than their directorships.
- Mr Coles is employed in an executive capacity by OZ Minerals Ltd, the beneficial owner of 42.52% of the issued capital in Toro Energy Ltd and is not considered independent with regards to the criteria established in the ASX Corporate Governance Councils Principle's and Recommendations.
- Mr Hall is employed in an executive capacity by the Company and is not considered independent with regards to the criteria established in the ASX Corporate Governance Councils Principle's and Recommendations.

Recommendation 2.2:

The Chairman should be an independent director.

Compliant: The Chairman of the Company is an independent director.

Recommendation 2.3:

The roles of the Chairman and chief executive officer should not be exercised by the same individual.

Compliant: The roles of the Company Chairman and Managing Director are not exercised by the same individual.

Recommendation 2.4:

The Board should establish a nomination committee.

Non-Compliant: A nomination committee has not been established. At the Board's current size the Company considers that efficiencies of a nomination committee, reviewing the nomination practices of the Board, would not be derived. Board processes are in place to cover issues otherwise considered by the nomination committee. The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

Directors' Report (cont.)

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Compliant: A Board performance review was conducted during the reporting period. The review involved a detailed self-assessment by each director of Board and committee performance. Directors were specifically asked to comment on the composition and diversity of the current Board. The results of the self-assessment were considered by the Board as a whole. The process was then supplemented by one-on-one discussions between each director and the Chairman, which provided an opportunity for the consideration of individual contributions and issues particular to a director. The actions agreed by the Board in response to the performance review have been documented and the completion of these items is monitored by the Board.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Non-Compliant: The Company has complied with all information disclosures indicated in Recommendation 2.6 with the exception of making the nomination committee charter publicly available. As the Company does not have a nomination committee it is unable to publicly disclose a committee charter or summary of the roles, rights, responsibilities and membership requirements for that committee.

Principle 3:

Promote ethical and responsible decision making

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code.

Compliant: The Company has an established code of conduct 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.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Non-Compliant: Whilst the Company has established a diversity policy and published that policy on its website, it has not established any measurable objectives to achieve gender diversity. The Company is highly aware 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 Company continues to strive towards achieving objectives to maintain and where possible improve gender diversity. At the time of reporting the Company employed 35 staff, of which 15 were female. The Board of directors consists of 5 male directors and 1 female Chairman.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Non-Compliant: The Company has not established any measurable objectives to achieve gender diversity. The Company continues to strive towards achieving objectives to maintain and where possible improve gender diversity.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the Board.

Compliant: The Company has disclosed the information suggested in Recommendation 3.4 in its annual report.

Recommendation 3.5:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Compliant: Provision of the information indicated in the Guide to reporting on Principle 3 is made in the Annual Report and on the Company's website.

Principle 4:

Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an audit committee.

Compliant: The Company has an established audit committee.

Recommendation 4.2:

The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent director who is not Chairman of the Board and should have at least three members.

Non-Compliant: The Company's audit committee consists of two independent directors and the Company Secretary. The Company Secretary is not considered a member under the guidelines and as such the Company does not meet the recommendation for three members. The Company considers the skill set and experience of the Company Secretary adds value to the audit committee and is in the spirit of the recommendations.

Recommendation 4.3:

The audit committee should have a formal charter.

Compliant: The audit committee has a formal charter that sets out its role and responsibilities, composition, structure and membership requirements.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Compliant: Provision of the information indicated in the Guide to reporting on Principle 4 is made in the Annual Report and or the Company's website.

Principle 5:

Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Compliant: The Company has an established continuous disclosure policy that 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 media and analysts communication protocols.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Compliant: The Continuous Disclosure Policy has been posted to the Company's website.

Principle 6:

Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.

Compliant: The Company has an established Communications Policy that articulates how the Company will communicate with its shareholders. The Communications Policy has been posted to the Company's website.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Compliant: The Communications Policy has been posted to the Company's website.

Principle 7:

Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Compliant: The Company has established policies for the oversight and management of material business risk and a summary of those policies are disclosed in the Annual Report.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Compliant: The identification, monitoring and, where appropriate, the reduction of significant risk to Toro is the responsibility of the Managing Director and the Board. The Board has also established the Audit and Risk Committee which addresses the risk of the Company. Management and the Board monitor the Company's material business risks and reports are considered at regular meetings where it has been established that the internal control system is operating effectively in all material aspects.

Directors' Report (cont.)

Recommendation 7.3:

The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Compliant: Provision of the information indicated in the Guide to reporting on Principle 7 is made in the Annual Report.

Principle 8:

Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a remuneration committee.

Compliant: The Company has an established remuneration committee.

Recommendation 8.2:

The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent director and has at least 3 members.

Compliant: The Company's remuneration committee has been structured in accordance with Recommendation 8.2.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Compliant: The Company has a clearly distinguished structure of non-executive directors' remuneration from that of executive directors and senior executives. The Chairman and the non-executive directors are entitled to draw director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to directors. Please refer to the remuneration report for details regarding the remuneration structure of the Managing Director and senior executives.

Recommendation 8.4:

Companies should provide the information indicated in the Guide to reporting on Principle 8.

Compliant: Provision of the information indicated in the Guide to reporting on Principle 8 is made in the Directors and Remuneration Report sections of the Annual Report and or the Company's website.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton South Australian Partnership, in its capacity as auditor for Toro Energy Ltd, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2011 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

Signed in accordance with a resolution of the directors.



Mr Greg Hall
Managing Director

9th September 2011

Auditor's Independence Declaration



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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Toro Energy Limited for the year ended 30 June 2011, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants


L. Humphrey
Partner
Adelaide, 9th September 2011

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Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2011

		2011	Consolidated
	Note	\$	2010
			\$
Other income	3 (a)	2,432,429	2,221,833
Impairment of exploration & evaluation assets	3 (b)	(18,969,429)	(13,950,711)
Impairment of investment in associate	3 (b)	(1,109,255)	-
Employee benefits expense	3 (c)	(1,952,923)	(2,184,228)
Depreciation expense	3 (b)	(554,945)	(192,545)
Finance costs	3 (b)	(926)	(4,444)
Other expenses	3 (d)	(1,575,686)	(2,200,903)
(Loss) before income tax expense		(21,730,735)	(16,310,998)
Income tax expense	4	-	(299,525)
(Loss) for the year		(21,730,735)	(16,610,523)
Other comprehensive (loss)			
Exchange differences arising on translation of foreign operations		(111,899)	(1,250)
Other comprehensive loss for the year (net of tax)		(111,899)	(1,250)
Total comprehensive (loss) for the year		(21,842,634)	(16,611,773)
(Loss) attributable to:			
Owners of the Company		(21,730,735)	(16,610,216)
Non-controlling interests		-	(307)
		(21,730,735)	(16,610,523)
Total comprehensive (loss) attributable to :			
Owners of the Company		(21,842,634)	(16,611,466)
Non-controlling interests		-	(307)
		(21,842,634)	(16,611,773)
Earnings per share		Cents	Cents
From continuing operations:			
Basic earnings per share	5	(2.25)	(2.01)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	2011 \$	Consolidated 2010 \$
CURRENT ASSETS			
Cash and bank equivalents	6	29,662,943	54,511,443
Trade and other receivables	7	289,579	495,892
Other current assets	8	338,756	1,264,330
TOTAL CURRENT ASSETS		30,291,278	56,271,665
NON-CURRENT ASSETS			
Investments in associates	9	-	-
Property, plant and equipment	10	2,644,639	1,137,744
Exploration and evaluation assets	11	67,403,197	64,535,810
TOTAL NON-CURRENT ASSETS		70,047,836	65,673,554
TOTAL ASSETS		100,339,114	121,945,219
CURRENT LIABILITIES			
Trade and other payables	13	1,190,115	1,493,413
Borrowings	14	-	38,437
Short-term provisions	15	225,113	186,421
TOTAL CURRENT LIABILITIES		1,415,229	1,718,271
NON-CURRENT LIABILITIES			
Long-term provisions	15	115,825	65,958
TOTAL NON-CURRENT LIABILITIES		115,825	65,958
TOTAL LIABILITIES		1,531,053	1,784,229
NET ASSETS		98,808,061	120,160,990
EQUITY			
Issued Capital	16	211,564,891	211,564,891
Reserves	17	2,319,084	2,056,085
Accumulated Losses		(115,075,914)	(93,459,679)
Equity attributable to owners of the Company		98,808,061	120,161,297
Non-controlling interests		-	(307)
TOTAL EQUITY		98,808,061	120,160,990

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Financial Year Ended 30 June 2011

	Consolidated							
	Note	Issued capital \$	Employee share option reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Attributable to owners of the parent \$	Non-controlling interests \$	Total \$
Balance at 1 July 2009		151,471,044	1,169,012	113,149	(76,849,463)	75,903,742	-	75,903,742
Profit or (loss) for the year				-	(16,610,216)	(16,610,216)	(307)	(16,610,523)
Other comprehensive income for the year			(1,250)	-	(1,250)	-	(1,250)	
Total comprehensive income for the year				(1,250)	(16,610,216)	(16,611,466)	(307)	(16,611,773)
Capital raising - Share Placement		39,930,070	-	-	-	39,930,070	-	39,930,070
Capital raising - Share Purchase Plan		20,696,608	-	-	-	20,696,608	-	20,696,608
Costs of capital raisings (net of tax)		(1,532,831)	-	-	-	(1,532,831)	-	(1,532,831)
Share Issue - Liberty Resources		1,000,000	-	-	-	1,000,000	-	1,000,000
Employee share-based payment options		-	775,174	-	-	775,174	-	775,174
Balance at 30 June 2010		211,564,891	1,944,186	111,899	(93,459,679)	120,161,297	(307)	120,160,990
Profit or (loss) for the year				-	(21,730,735)	(21,730,735)	-	(21,730,735)
Other comprehensive income (loss) for the year			(111,899)	-	-	(111,899)	307	(111,592)
Total comprehensive income for the year				(111,899)	(21,730,735)	(21,842,634)	307	(21,842,327)
Expired Employee share-based payments		-	(114,500)	-	114,500	-	-	-
Employee share-based payments		-	489,398	-	-	489,398	-	489,398
Balance at 30 June 2011	<i>16</i>	211,564,891	2,319,084	-	(115,075,914)	98,808,061	-	98,808,061

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2011

	Note	2011 \$	Consolidated 2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,836,208)	(3,534,219)
Finance costs		(926)	(4,444)
Interest received		3,342,543	1,030,274
NET CASH (USED IN) OPERATING ACTIVITIES	6	505,409	(2,508,389)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		15,000	-
Purchase of property, plant and equipment		(2,061,841)	(902,470)
Purchase of exploration and evaluation tenements		(7,300,000)	-
Payment of Stamp Duty		(447,149)	-
R&D tax concession refund		-	334,854
Payments for exploration & evaluation activities		(15,521,482)	(9,789,421)
NET CASH PROVIDED (USED IN) / PROVIDED BY INVESTING ACTIVITIES		(25,315,472)	(10,357,037)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(38,437)	(26,247)
Proceeds from issue of shares		-	60,626,678
Transaction costs of issue of shares		-	(2,167,212)
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		(38,437)	58,433,219
Net (decrease)/increase in cash and cash equivalents		(24,848,500)	45,567,793
Cash at the beginning of the financial year		54,511,443	8,943,650
CASH AT THE END OF THE FINANCIAL YEAR	6	29,662,943	54,511,443

The accompanying notes form part of these financial statements.

Notes to the Financial Statements *for the Financial Year Ended 30 June 2011*

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

This financial report includes the consolidated financial statements and notes of Toro Energy Ltd and controlled entities ('the Company').

The financial report of the Company for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 9 September 2011. Toro Energy Ltd is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

Basis of preparation

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

Statement of Compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Recently issued accounting standards to be applied in future reporting periods

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to the Company in future reporting periods, are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods, however they have been considered insignificant to the Company.

Consolidated Financial Statements

IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation - Special Purpose Entities". This new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to the Company from 1 July 2013 and it is believed there will be insignificant impact for the Company.

Financial Instruments

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (Effective from 1 January 2013).

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value. In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is an accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss. The amendment is not expected to have any impact on the Company's financial statements.

Joint Arrangements

IFRS 11: "Joint Arrangements" was also issued by the IASB in May 2011 and provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is applicable from 1 July 2013, with early adoption permitted. Management is assessing the impact on the Company but at this stage it is believed there will be insignificant impact on the Company.

Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in other Entities" was issued by the IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only. There have also been consequential amendments to IAS 28: "Investment in Associates" as a result of the above new standard. These amendments are applicable from 1 July 2013 and at this stage it is believed there will be no impact on the Company.

Fair Value Measurement

IFRS 13: "Fair Value Measurement" was issued by the IASB in May 2011 and provides a precise definition of a fair value is a single source of fair value measurement and prescribes disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to the Company from 1 July 2013 and at this stage it is believed there will be no impact on the Company.

Other

AASB 124: "Related Party Disclosures";

AASB 2009-12: "Amendments to Australian Accounting Standards";

AASB 2010-4: "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project";

AASB 2010-5: "Amendments to Australian Accounting Standards";

AASB 2010-8: "Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets"; and

AASB 2011-4 "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements".

We do not expect these accounting standards to materially impact our financial results upon adoption.

Third statement of financial position

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

- i Applies an accounting policy retrospectively,
- ii Makes a retrospective restatement of items in its financial statements, or
- iii Reclassifies items in the financial statements.

We have determined that only one comparative period for the statement of financial position was required for the current reporting period.

Carbon Scheme

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Company as legislation must be voted on and passed by both houses of Parliament. In addition, as the Company will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business and therefore will not have an impact upon the valuation of assets or going concern of the business.

a. Principles of consolidation

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

The consolidated financial statements comprise the financial statements of Toro Energy Ltd and its subsidiaries as at 30 June (the Company). A list of controlled entities is contained in note 20 to the financial statements. All controlled entities have a June financial year-end.

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

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

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

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

b. Revenue Recognition

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

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

Interest income

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

Sale of Goods

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

Provision of services

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

c. Borrowing Costs

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

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

d. Leases

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

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

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

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

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

e. Cash and cash equivalents

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

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

f. Trade and other receivables

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

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

g. Financial Instruments

Initial recognition and measurement

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments held by the Company 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 Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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

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

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

Derecognition

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

h. Income tax

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

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

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

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

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

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

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

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

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

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

Tax consolidation

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

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

i. Goods and Service Tax

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

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

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

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

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

j. Property, plant and equipment

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

Depreciation is calculated on a straight-line and diminishing value basis over the estimated useful life of the assets. The useful life of the assets for 2011 is as follows:

- Buildings – 20 years
- Plant and equipment – 2.5 – 20 years
- Motor vehicles – 8 years
- Leasehold property – 4.5 years

Impairment

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

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

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

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

k. Impairment of Non-Financial Assets

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

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

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

l. Exploration and Evaluation Expenditure

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

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

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

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

m. Interest in jointly controlled operation

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

n. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

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.
- 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 Company's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

o. Trade and other payables

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

p. Provisions

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

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

Notes to the Financial Statements *for the Financial Year Ended 30 June 2011 (cont.)*

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

q. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

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

r. Share-based payment transactions

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

The Company has established the ESOP which provides benefits to employees.

The cost of these equity-settled transactions with employees are measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model using the assumptions detailed in note 12.

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

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

s. Contributed equity

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

t. Adoption of new and revised accounting standards

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

u. Earnings per share

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

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

v. Critical Accounting Estimates and Judgments

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

Key Estimates — Exploration and Evaluation

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

w. Comparative figures

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

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker, the Company's Managing Director, in order to allocate resources to the segments and to assess its performance.

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

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

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies.

	Continuing Operations			Consolidated
	Evaluation \$	Exploration \$	Corporate & Admin \$	Revenue & loss for the period \$
30-Jun-10				
Segment Revenue	-	-	2,221,833	2,221,833
Segment Impairment Expense	-	(13,950,711)	-	(13,950,711)
Segment Depreciation Expense	(54,608)	(57,246)	(80,692)	(192,546)
Segment Result before tax	(54,608)	(14,010,119)	(2,246,271)	(16,310,998)
Income Tax expense	-	-	(299,525)	(299,525)
Segment loss for the period	(54,608)	(14,010,119)	(2,545,796)	(16,610,523)
30-Jun-11				
Segment Revenue	-	-	2,432,429	2,432,429
Segment Impairment Expense	-	(20,078,684)	-	(20,078,684)
Segment Depreciation Expense	(351,637)	(99,763)	(103,545)	(554,945)
Segment Result before tax	(351,637)	(20,178,447)	(1,200,651)	(21,730,735)
Income Tax expense	-	-	-	-
Segment loss for the period	(351,637)	(20,178,447)	(1,200,651)	(21,730,735)

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

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

	Continuing Operations			Consolidated
	Evaluation \$	Exploration \$	Corporate & Admin \$	Total assets \$
30-Jun-10	33,006,075	34,863,759	54,075,384	121,945,218
30-Jun-11	51,645,600	18,057,748	30,635,766	100,339,114

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

3. REVENUE AND EXPENSES

	Consolidated	
	2011	2010
	\$	\$
(a) Other income		
Bank interest received or receivable	2,410,600	2,218,468
Net gain on disposal of equipment	-	3,365
Net gain on disposal of subsidiary	21,829	-
	2,432,429	2,221,833

(b) Expenses

Impairment of non-current assets

Impairment of exploration expenditure ¹	18,969,429	13,950,711
Impairment of investment in associate ²	1,109,255	-
Total impairment of non-current assets	20,078,684	13,950,711

1. Includes the surrender of 16 tenements (\$8.1m) and the fair value impairment of the uranium rights over the Mt Woods tenements (\$10.9m)

2. Impairment of 25% interest in Namibia JV Company - Investment in Associate

Depreciation of non-current assets

Leasehold Property	199,452	-
Buildings	7,479	-
Plant and equipment	276,110	162,447
Motor vehicles	71,904	30,098
Total depreciation	554,945	192,545

Finance expenses

Interest applicable to hire-purchase liabilities	926	4,444
Total borrowing costs	926	4,444

(c) Employees benefits expense

Wages, salaries, directors fees and other remuneration expenses	3,678,018	2,914,482
Workers' compensation costs	78,656	68,279
Defined contribution plan expense	346,413	277,862
Payroll Tax	180,665	149,507
Transfer to annual leave provision	244,971	211,090
Transfer to long service leave provision	49,867	36,094
Share-based payments expense	489,398	775,173
Transfer to capitalised tenements	(3,115,065)	(2,248,259)
	1,952,923	2,184,228

	Consolidated	
	2011	2010
	\$	\$
(d) Other expenses from ordinary activities		
Promotion and advertising	78,662	191,338
Recruitment expenses	97,806	95,916
Travelling expenses	191,758	175,003
Securities exchange and share registry fees	159,807	281,116
Audit fees	34,500	28,500
Accounting and secretarial support	50,708	99,714
Conference expenses	91,972	75,956
Insurance costs	69,677	95,842
Consulting fees	162,120	279,195
Legal fees	205,875	237,766
Subscriptions	74,519	74,403
Rent and utility expenses	160,017	140,827
AGM, EGM and annual report expenses	46,712	132,555
Net loss on disposal of property, plant & equipment	-	46,821
Other expenses	151,553	245,951
	1,575,686	2,200,903

4. INCOME TAX

	Consolidated	
	2011	2010
	\$	\$
(a) The components of income tax expense comprise:		
Current tax	-	(299,525)
Deferred tax	-	-
Tax expense	-	(299,525)
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie income tax on loss from ordinary activities before income tax at 30% (2009:30%)	(6,519,220)	(4,893,299)
Immediate write off of capital expenditure	(6,883,821)	(3,113,549)
Expenditure not allowable for income tax purposes	6,174,313	4,577,861
Research and Development Tax Offset	-	(334,854)
Other deductible items	(764,184)	(1,202,030)
Deferred Tax Asset not realised as recognition criteria not met	7,632,479	5,307,566
Reversal of temporary differences	360,433	(641,220)
Total income tax expense	-	(299,525)

	Consolidated	
	2011	2010
	\$	\$

Unrecognised deferred tax assets

Deferred Tax Asset (DTA) arising from carried forward tax losses and timing differences not recognised at reporting date as the asset is not regarded as meeting the probable criteria

- timing differences at 30%	(360,433)	641,220
- tax losses at 30%	7,992,913	4,666,346
	7,632,480	5,307,566

The Group has deferred tax assets arising in Australia of \$26,077,991 (2010: \$18,445,516) that are available indefinitely (subject to certain conditions) for offset against future taxable profits of the companies in which the losses arose.

Tax consolidation

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

5. EARNINGS PER SHARE

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

	Consolidated	
	2011	2010
	\$	\$
Net loss attributable to ordinary equity holders of the Company	(21,730,735)	(16,610,216)
Weighted average number of ordinary shares for basic earnings per share	964,936,676	825,393,283

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2011.

There has been one transaction involving ordinary shares between the reporting date and the date of completion of these financial statements. Details of the post 30 June 2011 transaction are included at note 24.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2011	2010
	\$	\$
Cash at bank and in hand	748,370	2,776,097
Short-term deposits	28,914,573	51,735,346
	29,662,943	54,511,443

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. Refer Note 21.

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

6. CASH AND CASH EQUIVALENTS (cont.)

	Consolidated	
	2011	2010
	\$	\$
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(21,730,735)	(16,610,523)
Adjustments for non-cash items:		
Depreciation	554,945	192,546
Impairment of non-current assets	20,078,684	13,950,711
Loss on disposal property plant and equipment	-	(43,456)
Tax expenses recognised in profit & loss	-	299,525
Exploration activities expensed	17,045	84,415
Gain on loss of control of subsidiary	(21,829)	-
Share based payments	489,398	775,173
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	191,311	(269,208)
(Increase)/Decrease in accrued interest	931,943	(1,188,194)
(Increase)/Decrease in prepayments	(6,369)	(13,846)
Increase/(Decrease) in trade and other payables	(303,297)	789,770
Increase/(Decrease) in employee provisions	88,559	106,139
Movement in trade payables treated as investing activities	215,754	(581,440)
Net cash (outflow) from operating activities	505,409	(2,508,389)

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2011	2010
	\$	\$
Sundry receivables ⁽ⁱ⁾	57,671	61,084
Goods and services tax receivable	231,908	434,808
	289,579	495,892

(i). Sundry receivables are non-interest bearing and generally have 30-90 day payment terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2011 the Company did not have any trade receivables which were outside normal trading terms (past due but not impaired).

Information regarding the credit risk of current receivables is set out in note 21.

8. OTHER CURRENT ASSETS

	Consolidated	
	2011	2010
	\$	\$
Prepayments	55,994	49,625
Accrued income	282,762	1,214,705
	338,756	1,264,330

9. INVESTMENT IN ASSOCIATE

	Consolidated	
	2011	2010
	\$	\$
Investment in Associate	1,109,255	-
Impairment of Investment in Associate	(1,109,255)	-
	-	-

In line with AASB 128 and AASB 139 the investment in Nova Energy (Namibia) Pty Ltd was impaired. The impairment reflects the Company's view of reduced prospectivity for uranium across these tenements considering the results of the completed drill campaign this financial year.

10. PROPERTY PLANT & EQUIPMENT

	Consolidated				
	Plant & equipment \$	Motor Vehicles \$	Leasehold Property \$	Buildings \$	Total \$
30 JUNE 2011					
At Cost					
1 July - opening	1,284,370	440,035	-	-	1,724,405
Additions	598,271	63,570	1,200,000	200,000	2,061,841
Disposals	-	-	-	-	-
30 June - closing	1,882,641	503,605	1,200,000	200,000	3,786,246
Accumulated Depreciation					
1 July - opening	(504,665)	(81,996)	-	-	(586,661)
Disposals	-	-	-	-	-
Depreciation expense	(276,110)	(71,904)	(199,452)	(7,479)	(554,945)
30 June - closing	(780,775)	(153,900)	(199,452)	(7,479)	(1,141,606)
Property Plant & Equipment					
At Cost	1,882,641	503,605	1,200,000	200,000	3,786,246
Accumulated depreciation	(780,775)	(153,900)	(199,452)	(7,479)	(1,141,606)
Net carrying amount	1,101,865	349,705	1,000,548	192,521	2,644,639
30 JUNE 2010					
1 July - opening	779,903	151,093	-	-	930,996
Additions	613,527	288,942	-	-	902,469
Disposals	(109,060)	-	-	-	(109,060)
30 June - closing	1,284,370	440,035	-	-	1,724,405
Accumulated Depreciation					
1 July - opening	(392,819)	(51,898)	-	-	(444,717)
Disposals	50,602	-	-	-	50,602
Depreciation expense	(162,448)	(30,098)	-	-	(192,546)
30 June - closing	(504,665)	(81,996)	-	-	(586,661)
Property Plant & Equipment					
At Cost	1,284,370	440,035	-	-	1,724,405
Accumulated depreciation	(504,665)	(81,996)	-	-	(586,661)
Net carrying amount	779,705	358,039	-	-	1,137,744

Leasehold property represents a pastoral lease acquired by the Company during the year. The existing lease expires on June 2015. The purchase price is being amortised over the existing lease period of 4.5 years.

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

11. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2011 \$	2010 \$
Balance at beginning of financial year	64,535,810	67,114,411
Acquisition through share issue	-	1,000,000
Cash acquisition		
- MMG Tenements ⁽¹⁾	1,100,000	-
Cash acquisition		
- Dawson & Hinkler ⁽²⁾	6,200,000	-
Other Expenditure during the year	15,718,283	10,372,110
Impairment of exploration expenditure ⁽³⁾	(18,969,429)	(13,950,711)
Nova Energy Namibia		
- loss of control	(1,181,467)	-
	67,403,197	64,535,810

1. Value attributed to the MMG Wiluna tenement acquisitions.
2. Value attributed to the U308 Ltd Dawson Hinkler tenement acquisitions.
3. Impairment as a result of surrendered or fair value tests on exploration tenements.

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.

12. SHARE-BASED PAYMENTS

Employee Share Option Plan (ESOP)

The Company has an established ESOP and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Company, although the Board may waive this requirement.

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

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

The expense recognised in the Statement of Comprehensive Income in relation to share-based payments is disclosed in note 3(c).

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

	2011 No.	2011 WAEP	2010 No.	2010 WAEP
Outstanding at the beginning of the year	21,690,000	0.45	15,235,000	0.52
Granted during the year	4,770,000	0.22	6,555,000	0.22
Cancelled during the year	(6,000,000)	0.61	(100,000)	0.61
Outstanding at the end of the year	20,460,000	0.35	21,690,000	0.45
Exercisable at the end of the year	20,210,000	0.43	20,675,000	0.43

The outstanding balance as at 30 June 2011 is represented by:

Issue Date	Vesting Date	Expiry Date	Strike Price	Number
1/04/2007	23/03/2008	31/03/2012	0.45	1,000,000
11/12/2006	10/12/2007	11/12/2011	0.88	440,000
26/09/2006	27/09/2007	26/09/2011	0.65	500,000
19/02/2007	18/02/2008	19/02/2012	1.21	20,000
19/03/2007	18/03/2008	18/03/2012	1.15	200,000
10/04/2007	10/04/2008	9/04/2012	1.21	100,000
4/07/2007	4/07/2008	3/07/2012	1.21	100,000
19/11/2007	19/11/2008	18/11/2012	0.734	500,000
14/12/2007	14/12/2008	13/12/2012	0.61	760,000
20/11/2007	1/12/2008	19/11/2012	0.73	3,000,000
6/08/2008	7/08/2009	6/08/2013	0.55	425,000
6/08/2008	7/08/2010	6/08/2013	0.55	425,000
17/12/2008	18/12/2009	17/12/2013	0.25	1,665,000
19/03/2009	20/03/2010	19/03/2014	0.25	1,000,000
2/02/2010	3/02/2010	2/02/2015	0.22	4,965,000
2/02/2010	3/02/2010	2/02/2015	0.22	590,000
3/01/2011	4/01/2011	3/01/2016	0.22	4,270,000
26/05/2011	26/05/2011	25/05/2016	0.15	250,000
26/05/2011	26/05/2012	25/05/2016	0.22	250,000

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.82 years (2010: 2.59 years). The range of exercise prices for options outstanding at the end of the year was \$0.15 - \$1.21 (2010: \$0.22 - \$1.21). The weighted average fair value of options granted during the year was \$0.11 (2010: \$0.08).

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

The following table lists the weighted average of inputs to the model used for the years ended 30 June 2010 and 30 June 2011:

	2011	2010
Volatility (%)	84.26%	112.12%
Risk-free interest rate (%)	5.33%	5.10%
Expected life of option (years)	5.00	5.00

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

13. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2011	2010
	\$	\$
Trade payables ⁽ⁱ⁾	302,563	820,351
Other payables ⁽ⁱⁱ⁾	105,134	160,145
Accrued Expenses	782,418	512,917
	1,190,115	1,493,413

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

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

Information regarding the credit risk of current payables is set out in note 21.

14. BORROWINGS

	Consolidated	
	2011	2010
	\$	\$
Current		
Lease Liabilities	-	38,437
	-	38,437

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

15. PROVISIONS

	Consolidated	
	2011	2010
	\$	\$
Short-term provisions		
Annual leave provision		
Opening Balance	186,421	119,893
Movement during year	38,692	66,528
Closing Balance 30 June	225,113	186,421
Long-term provisions		
Long Service Leave:		
Opening Balance	65,958	29,864
Movement during year	49,867	36,094
Closing Balance 30 June	115,825	65,958

16. ISSUED CAPITAL

	Consolidated	
	2011	2010
	\$	\$
Ordinary Shares	211,564,891	211,564,891
	211,564,891	211,564,891
	Number*	\$
Ordinary shares		
Balance at beginning of financial year	62,610,410	211,564,891
Balance at end of year	62,610,410	211,564,891
	Legal Parent Entity 2011	\$
	Number	\$
Ordinary shares		
Balance at beginning of financial year	964,936,676	351,345,066
Balance at end of year	964,936,676	351,345,066

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

* Under AASB 3 the acquisition of Nova Energy Ltd in 2007 was deemed a 'reverse acquisition' and Toro Energy's legal subsidiary Nova Energy Pty Ltd is considered the parent for accounting consolidation purposes. As shares in Nova Energy are not listed or publically traded the consolidated view does not detail the volume of shares relative to transactions subsequent to the acquisition. The legal parent entity Toro Energy Ltd has been included to provide details of the volume of shares on issue at 30 June 2011.

There has been one transaction involving ordinary shares between the reporting date and the date of completion of these financial statements. Details of the post 30 June 2011 transaction are included at note 24.

17. RESERVES

	Consolidated	
	2011	2010
	\$	\$
Reserves		
Share Option Reserve	2,319,084	1,944,186
Foreign Currency Translation reserve	-	111,899
	2,319,084	2,056,085

Nature and purpose of reserves

Share-option Reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 12.

Foreign Currency Translation Reserve

This reserve records exchange differences arising on translation of a foreign controlled subsidiary.

18. COMMITMENTS

	Consolidated	
	2011	2010
	\$	\$
Operating leases		
Not longer than 1 year	422,992	140,877
Longer than 1 year and not longer than 5 years	668,349	51,220
	1,091,341	192,097
Hire purchase commitments		
Not longer than 1 year	-	39,363
Longer than 1 year and not longer than 5 years	-	-
	-	39,363
Less: future finance charges	-	(926)
	-	38,437

Terms of lease arrangements

The Company has operating leases in place for its principal place of business in Adelaide which expires 31 October 2013 and project office in Perth which expires 28 February 2014. The remaining Company property leases are for terms of 1 year or less.

The Company has a bank guarantee totalling \$153,318 at 30 June 2011 which acts as bond for the Perth office lease agreement.

Exploration leases

As at 30 June 2011 the Company held Exploration Licences over 93 tenements. The rental, rates and statutory expenditure commitments required for these tenements are \$4,805,028 within 1 year and \$26,021,680 between 2 and 5 years.

The Company has various bank guarantees totalling \$1,017,688 at 30 June 2011 which act as collateral over tenements which the Company operates.

On 17 February 2011 and 18 July 2011, the Company announced two non-binding agreements for the purchase of additional tenements in the Wiluna District. The agreements include consideration payments to MPI Nickel Pty Ltd (a subsidiary of Norilsk Nickel Australia Pty Ltd) of \$4,500,000 and to a group of vendors led by Impact Minerals Ltd for \$1,300,000 and 10,000,000 Toro Energy Ltd shares.

19. AUDITORS REMUNERATION

	Consolidated	
	2011	2010
	\$	\$
Audit or review of the financial report	34,500	28,500
Other services	-	-
	34,500	28,500

20. CONTROLLED ENTITIES

Name of Company	Country of incorporation	Ownership interest	
		2011	2010
		%	%
Parent entity			
Toro Energy Ltd (i)	Australia		
Subsidiaries			
Minotaur Uranium Pty Ltd (ii)	Australia	100	100
Oxiana Energy Pty Ltd (ii)	Australia	100	100
Nova Energy Pty Ltd (ii)	Australia	100	100
Nova Energy (Africa) Pty Ltd (ii)	Australia	100	100
Nova Energy (Namibia) Pty Ltd (iii)	Namibia	25	90

- Toro Energy Ltd is the head entity within the tax-consolidated group.
- These companies are members of the tax-consolidated group.
- Included for comparative purposes only (from 30 December 2010 accounted for as an investment in associate)

21. FINANCIAL RISK MANAGEMENT

Financial risk management policies

The Board of directors are responsible for monitoring and managing financial risk exposures of the Company.

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

Categories of financial instruments

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

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

	Consolidated	
	2011	2010
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	29,662,943	54,511,443
Trade and other receivables	289,579	495,892
FINANCIAL LIABILITIES		
Trade and other payables	1,190,115	1,493,413
Obligations under hire purchase	-	38,437

Credit risk management

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

The Company does not have any significant credit risk exposure to any single counterparty or any Company 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 Company's maximum exposure to credit risk.

Capital risk management

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

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in note 16 and the statement of changes in equity.

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

21. FINANCIAL RISK MANAGEMENT (cont.)

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 profit would increase or decrease by \$199,218 (2010: \$208,919) which is attributable to the Company'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 Company's short, medium and long-term funding and liquidity management requirements. The Company 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 Company'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 Company can be required to pay. The table includes both interest and principal cash flows.

	CONSOLIDATED			Total \$
	< 1 year \$	> 1 - < 5 years \$	Non-interest bearing \$	
Year ended 30 June 2011				
<i>FINANCIAL LIABILITIES</i>				
Fixed rate	-	-	407,697	407,697
Weighted average effective interest rate	9.83%	-		
Year ended 30 June 2010				
<i>FINANCIAL LIABILITIES</i>				
Fixed rate	38,437	-	980,496	1,018,933
Weighted average effective interest rate	9.83%	0.00%		

The following table details the Company'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 Company anticipates that the cash flow will occur in a different period.

	CONSOLIDATED			Total \$
	< 1 year \$	> 1 - < 5 years \$	Non-interest bearing \$	
Year ended 30 June 2011				
<i>FINANCIAL ASSETS</i>				
Fixed rate	28,914,573	-	289,579	29,204,152
Weighted average effective interest rate	6.00%			
Floating rate				
Cash assets	748,371	-	-	748,371
Weighted average effective interest rate	4.75%			
Year ended 30 June 2010				
<i>FINANCIAL ASSETS</i>				
Fixed rate	51,735,346	-	495,892	52,231,238
Weighted average effective interest rate	5.86%			
Floating rate				
Cash assets	2,776,097	-	-	2,776,097
Weighted average effective interest rate	4.50%			

22. RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION

Details of key management personnel's remuneration can be found under the remuneration report.

a) Subsidiaries

Loans

At 30 June 2011 the Group consisted of Toro Energy Ltd and its controlled entities Nova Energy Pty Ltd, Nova Energy (Africa) Pty Ltd, Nova Energy (Namibia) Pty Ltd, Minotaur Uranium Pty Ltd and Oxiana Energy Pty Ltd. Ownership interests in these controlled entities are set out in note 20. Transactions between Toro Energy Ltd and other entities in the Group during the year consisted of loans advanced by Toro Energy Ltd to fund exploration and investment activities. The closing value of all loan amounts to wholly owned members of the Group is contained within the statement of financial position under non-current assets at note 23.

b) Other related party transactions

Throughout the year ended 30 June 2011 Minotaur Exploration Ltd, of which Mr Derek Carter is a director, provided the Company with access to exploration personnel. In exchange for these services, Minotaur Exploration Ltd received income in the form of service charges. In addition to these services charges, Minotaur Operations Pty Ltd (a wholly-owned subsidiary of Minotaur Exploration Ltd) paid for joint costs on behalf of the Toro Group and has sought reimbursement of these costs from the Toro Group. All transactions were conducted on commercial terms and were arms length transactions. The combined total paid or to be paid to Minotaur Operations Pty Ltd and Minotaur Exploration Ltd through the period ended 30 June 2011 was \$12,523 (30 June 2010: \$32,742).

The Company rented accommodation premises from a direct relative of Mr Derek Carter. The total sum paid to the direct relative of Mr Derek Carter through the year ended 30 June 2011 was \$24,613 (2010: \$23,329). This transaction was conducted on commercial terms and at arms length.

Notes to the Financial Statements for the Financial Year Ended 30 June 2011 (cont.)

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

HLB Mann Judd (SA) Pty Ltd ("HLB") has received professional fees for accounting, taxation and secretarial services provided during the year. Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd. A total of \$40,782 has been paid or is to be paid to HLB Mann Judd (SA) Pty Ltd for services rendered in 2011 (2010: \$90,877).

Josteni Pty Ltd has received professional fees for director services provided during the year. John Nitschke, a Company Director, is a director of Josteni Pty Ltd. A total of \$27,755 has been paid or is to be paid to Josteni Pty Ltd, on commercial terms, for services rendered in 2011 (2010: \$0).

23. PARENT ENTITY INFORMATION

Financial statements and notes for Toro Energy Ltd, the legal parent entity, are provided below;

	Parent	
	2011	2010
	\$	\$
Financial position		
Current assets	30,291,276	56,270,887
Non-current assets	70,047,839	64,761,900
Total assets	100,339,115	121,032,787
Current liabilities	1,415,229	1,718,271
Total liabilities	1,531,054	871,798
Shareholders equity		
Issued capital	351,345,066	351,345,064
Reserves	2,183,937	1,809,039
Accumulated losses	(254,720,942)	(232,993,115)
Total equity	98,808,061	120,160,988
Financial performance		
Loss for the year	(21,842,326)	(16,615,138)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	(21,842,326)	(16,615,138)

* Included in the loss for the year is an impairment expense of \$17,659,336 to reduce the book value of the investments in subsidiaries. Whilst this impairment is required under Australian Accounting Standards (AASB 136), it does not impact the consolidated results and does not reflect any change in the underlying value of the consolidated exploration and development assets.

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

Toro Energy has a \$1,400,000 term deposit which acts as a set-off against Nova Energy Pty Ltd to guarantee tenements.

Contingent liabilities of the parent entity

As at 30 June 2011 the legal Parent Entity, Toro Energy Ltd held exploration Licenses over 20 tenements. The rental rates and statutory expenditure commitments required for these tenements are \$1,332,575 within one year and \$7,156,179 between two and five years.

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

	Parent	
	2011	2010
	\$	\$
Operating leases		
Not longer than 1 year	422,992	140,877
Longer than 1 year and not longer than 5 years	668,349	51,220
Longer than 5 years	-	-
	1,091,341	192,097

Hire purchase commitments

Not longer than 1 year	-	39,363
Longer than 1 year and not longer than 5 years	-	-
	-	39,363
Less: future finance charges	-	(926)
	-	38,437

24. EVENTS AFTER THE BALANCE SHEET DATE

On 1 July 2011 a sign-on bonus including 500,000 ordinary shares with a fair value of \$40,000 were granted to an employee. In addition 2,000,000 options with strike prices between \$0.11 and \$0.25 were issued to the employee under the ESOP with a fair value of \$100,250.

On 1 August 2011 10,300,000 options with a strike price of \$0.13 were issued to employees under the ESOP with a fair value of \$623,150.

On 26 August 2011 525,000 options with a strike price of \$0.13 were issued to an employee under the ESOP with a fair value of \$28,140.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes above, that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Directors' Declaration

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

1. In the opinion of the directors:
 - a. the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the period ended on that date; and
 - ii. complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - iii. Complies with International Financial Reporting Standards as disclosed in note 1; 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.
 - c. the audited remuneration disclosures set out in the remuneration report of the directors' report comply with Accounting Standard AASB 124 Related Party disclosures.
2. the Managing Director and Finance Manager has declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2011.

On behalf of the Board



Mr Greg Hall

Managing Director

Signed this 9th day of September 2011

Independent Auditor's Report



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

Report on the financial report

We have audited the accompanying financial report of Toro Energy Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Toro Energy Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 22 to 24 of the directors' report for the year ended 30 June 2011. 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.

Independent Auditor's Report *(cont.)*

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Toro Energy Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants


J L Humphrey
Partner

Adelaide, 9th September 2011

Tenement Status *as at 30 June 2011*

Locality	Tenement	Tenement Name	Project	Status	Area km ²	Holder
AMADEUS						
NT	EL25045	EL25045	Amadeus	Application	1491	Nova Energy Pty Limited
NT	EL25046	EL25046	Amadeus	Application	773	Nova Energy Pty Limited
NT	EL25048	EL25048	Amadeus	Application	1459	Nova Energy Pty Limited
NT	EL25787	EL25787	Amadeus	Application	3	Toro Energy Limited
NT	EL26550	Iwupataka	Amadeus	Application	303	Toro Energy Limited
NT	EL27182	Palm Valley	Amadeus	Application	459	Toro Energy Limited
					4488	
KINTORE						
NT	EL27573	Rennie	Kintore	Application	1314	Toro Energy Limited
					1314	
MCARTHUR						
NT	EL26861	Coast Range	McArthur	Application	14	Toro Energy Limited
NT	EL27588	Kukulak	McArthur	Application	232	Toro Energy Limited
NT	EL28567	Running Creek	McArthur	Application	108	Toro Energy Limited
NT	EL28750	Coanjula	McArthur	Application	160	Toro Energy Limited
NT	EL28751	Cresswell	McArthur	Application	128	Toro Energy Limited
NT	EL28752	Pandanus	McArthur	Application	82	Toro Energy Limited
NT	EL28806	Murphy	McArthur	Application	235	Toro Energy Limited
NT	EL28806	Murphy East	McArthur	Application	422	Toro Energy Limited
NT	EL27429	Karns	McArthur	Granted	497	Toro Energy Limited
NT	EL28054	Benmara	McArthur	Granted	147	Toro Energy Limited
					2025	
NGALIA						
NT	EL27574	Newhaven	Ngalia	Application	477	Toro Energy Limited
NT	EL27152	Corroboree Bore	Ngalia	Granted	125	Toro Energy Limited
					602	
REYNOLDS RANGE						
NT	EL26279	Giles	Reynolds Range	Application	769	Toro Energy Limited
NT	EL26740	Mount Barkly	Reynolds Range	Application	1372	Toro Energy Limited
NT	EL26987	Wini Hills	Reynolds Range	Application	824	Toro Energy Limited
NT	EL27301	Viscount Bore	Reynolds Range	Application	728	Toro Energy Limited
NT	EL27532	Arthur Hills	Reynolds Range	Application	554	Toro Energy Limited
NT	EL27533	Karadi Hill	Reynolds Range	Application	1039	Toro Energy Limited
NT	EL27534	Smokey Bore	Reynolds Range	Application	466	Toro Energy Limited
NT	EL27535	Fotheringham	Reynolds Range	Application	933	Toro Energy Limited
NT	EL28093	Nanga Range	Reynolds Range	Application	169	Toro Energy Limited
NT	EL28512	Yindjirbi	Reynolds Range	Application	15	Toro Energy Limited
NT	EL28513	Lander North	Reynolds Range	Application	18	Toro Energy Limited
NT	EL26287	Mount Denison	Reynolds Range	Granted	254	Toro Energy Limited
NT	EL26478	Western Creek	Reynolds Range	Granted	75	Toro Energy Limited
NT	EL26704	Ingellina Gap	Reynolds Range	Granted	654	Toro Energy Limited
NT	EL26848	Walabanba	Reynolds Range	Granted	573	Toro Energy Limited
NT	EL27115	Anningie	Reynolds Range	Granted	1071	Toro Energy Limited
NT	EL27876	Englands Well	Reynolds Range	Granted	384	Toro Energy Limited
					9098	

Tenement Status *as at 30 June 2011 (cont.)*

Locality	Tenement	Tenement Name	Project	Status	Area km ²	Holder
TANAMI						
NT	EL26270	Granite Dome	Tanami	Application	260	Toro Energy Limited
NT	EL26271	Browns Range North	Tanami	Application	488	Toro Energy Limited
NT	EL26286	Browns Range	Tanami	Application	195	Toro Energy Limited
NT	EL26601	Tanami West	Tanami	Application	80	Toro Energy Limited
NT	EL26634	Tanami	Tanami	Application	42	Toro Energy Limited
NT	EL26635	Farrands Hills	Tanami	Application	139	Toro Energy Limited
NT	EL26636	Tanami Flat	Tanami	Application	65	Toro Energy Limited
NT	EL27000	Mana Range	Tanami	Application	58	Toro Energy Limited
NT	EL27001	Ware Range	Tanami	Application	208	Toro Energy Limited
NT	EL27119	Bluebush	Tanami	Application	170	Toro Energy Limited
NT	EL27589	The Granites	Tanami	Application	355	Toro Energy Limited
NT	EL27590	Pargee	Tanami	Application	55	Toro Energy Limited
NT	EL28624	Buntine	Tanami	Application	935	Toro Energy Limited
NT	EL28040	Limbunya	Tanami	Granted	249	Toro Energy Limited
NT	EL28042	Inverway	Tanami	Granted	998	Toro Energy Limited
					4297	
WISO						
NT	EL26988	Windajong	Wiso	Application	411	Toro Energy Limited
NT	EL27123	Jarra Jarra	Wiso	Application	1581	Toro Energy Limited
NT	EL27138	Cooloola	Wiso	Granted	1525	Toro Energy Limited
					3517	
BIRRINDUDU						
WA	E80/4477	Granny Soak East	Birrindudu	Application	32	Toro Energy Limited
WA	E80/4617	Halls Creek	Birrindudu	Application	10	Toro Energy Limited
WA	E80/3555	Mt Weekes	Birrindudu	Granted	71	Toro Energy Limited
WA	E80/3556	Tanami Desert	Birrindudu	Granted	211	Toro Energy Limited
WA	E80/3557	Mt Mansbridge	Birrindudu	Granted	208	Toro Energy Limited
WA	E80/3558	Tanami Desert	Birrindudu	Granted	205	Toro Energy Limited
WA	E80/3559	Banana Springs	Birrindudu	Granted	214	Toro Energy Limited
WA	E80/3560	Mt Brophy Spring	Birrindudu	Granted	201	Toro Energy Limited
WA	E80/3561	Gardiner Range	Birrindudu	Granted	81	Toro Energy Limited
					1233	
LAKE MACKAY						
WA	E80/4498	Wanman	Lake Mackay	Application	104	Toro Energy Limited
WA	E80/4606	Angus	Lake Mackay	Application	25	Toro Energy Limited
WA	E80/4607	Wanman	Lake Mackay	Application	177	Toro Energy Limited
WA	E80/3483	E 8003483	Lake Mackay	Granted	41	Toro Energy Limited
WA	E80/3484	E 8003484	Lake Mackay	Granted	219	Toro Energy Limited
WA	E80/3485	E 8003485	Lake Mackay	Granted	219	Toro Energy Limited
WA	E80/3486	E 8003486	Lake Mackay	Granted	219	Toro Energy Limited
WA	E80/3519	E 8003519	Lake Mackay	Granted	222	Toro Energy Limited
WA	E80/3580	E 8003580	Lake Mackay	Granted	218	Toro Energy Limited
WA	E80/3581	E 8003581	Lake Mackay	Granted	222	Toro Energy Limited
WA	E80/3582	E 8003582	Lake Mackay	Granted	199	Toro Energy Limited
WA	E80/3583	E 8003583	Lake Mackay	Granted	142	Toro Energy Limited
WA	E80/3584	E 8003584	Lake Mackay	Granted	215	Toro Energy Limited

Locality	Tenement	Tenement Name	Project	Status	Area km ²	Holder
LAKE MACKAY (cont.)						
WA	E80/3585	E 8003585	Lake Mackay	Granted	215	Toro Energy Limited
WA	E80/3586	E 8003586	Lake Mackay	Granted	206	Toro Energy Limited
WA	E80/3587	E 8003587	Lake Mackay	Granted	221	Toro Energy Limited
WA	E80/3588	E 8003588	Lake Mackay	Granted	222	Toro Energy Limited
WA	E80/3589	E 8003589	Lake Mackay	Granted	221	Toro Energy Limited
WA	E80/3837	E 8003837	Lake Mackay	Granted	266	Toro Energy Limited
WA	E80/4449	E 8004449	Lake Mackay	Granted	73	Toro Energy Limited
					3646	
ROXBY-ACROPOLIS						
SA	EL3761	Roxby North	Roxby-Acropolis	Granted	368	Minotaur
SA	EL3762	Acropolis South	Roxby-Acropolis	Granted	327	Minotaur
					695	
MT WOODS						
SA	EL4025	Painted Hill	Mt Woods	Granted	1674	OZ Minerals Prominent Hill
SA	EL4132	Birthday Hill	Mt Woods	Granted	1060	OZ Minerals Prominent Hill
SA	EL4283	White Hill	Mt Woods	Granted	587	OZ Minerals Prominent Hill
SA	EL4390	Mount Hawker	Mt Woods	Granted	446	OZ Minerals Prominent Hill
					3767	
NAMIBIA						
Erongo Namibia	EPL3668	Gawib West	Namib Naukluft National Park	Granted	247	Nova Energy (Namibia) Pty Ltd (Toro)
Erongo Namibia	EPL3669	Tumas North	Namib Naukluft National Park	Granted	218	Nova Energy (Namibia) Pty Ltd (Toro)
Erongo Namibia	EPL3670	Chungochoab	Namib Naukluft National Park	Granted	858	Nova Energy (Namibia) Pty Ltd (Toro)
					1323	

Table 5: Full list of all Tenements and Applications.

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 September 2011.

Use of cash and cash equivalents

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

Distribution of equity securities

Ordinary share capital

965,436,676 fully paid ordinary shares are held by 10,635 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

32,785,000 unlisted options are held by 43 individual option holders.

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

	Fully paid ordinary shares	Unquoted Options
1 - 1,000	1,069	-
1,001 - 5,000	2,122	-
5,001 - 10,000	2,052	-
10,001 - 100,000	4,603	8
100,001 and over	789	35
	10,635	43

Holding less than a marketable parcel – 3,482

Substantial shareholders

Ordinary shareholders

	Fully paid	
	Number	Percentage
OZ Minerals Ltd	374,784,430	38.82%
Oxiana Ltd	35,474,948	3.67%
	410,259,378	42.49%

Optionholders >20%

	Unquoted Options	
	Number	Percentage
Nil	Nil	Nil

Twenty largest holders of quoted equity securities

	Ordinary Fully Paid Shares	% of issued Capital
	Units	
OZ Minerals Limited	374,784,430	38.82
Oxiana Ltd	35,474,948	3.67
J P Morgan Nominees Australia Limited <Cash Income A/C>	30,158,257	3.12
Citicorp Nominees Pty Limited	19,159,671	1.98
HSBC Custody Nominees (Australia) Limited	16,162,967	1.67
DMG & Partners Securities Pte Ltd <Clients A/C>	13,381,272	1.39
Allarow Pty Ltd	9,923,602	1.03
Mr Antonius Clemens Maria Bohnenn	6,861,958	0.71
TE & CG McMahon Nominees Pty Ltd <McMahon Super Fund No2 A/C>	4,797,728	0.50
Mrs Christina Gail McMahon	4,558,333	0.47
Bell Potter Nominees Ltd <BB Nominees A/c>	4,300,000	0.45
National Nominees Limited	4,220,278	0.44
J P Morgan Nominees Australia Limited	4,178,541	0.43
Mr Terence Edwin McMahon	4,158,333	0.43
Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	3,606,000	0.37
Merrill Lynch (Australia) Nominees Pty Limited	3,532,795	0.37
Arredo Pty Ltd	3,407,394	0.35
Deep Yellow Ltd	3,066,667	0.32
Dr Leon Eugene Pretorius	3,000,000	0.31
Saggio Investments Pty Ltd <Saggio Investment A/C>	3,000,000	0.31
Total Top 20 Shareholders	551,733,174	57.15
Total Remaining Holders Balance	413,703,502	42.85

Corporate Information

Directors

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

Company Secretary

Mr Donald Stephens

Registered Office

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

Principal Place of Business

3 Boskenna Avenue, Norwood SA 5067

Share Registry

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

Legal Advisors

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

Bankers

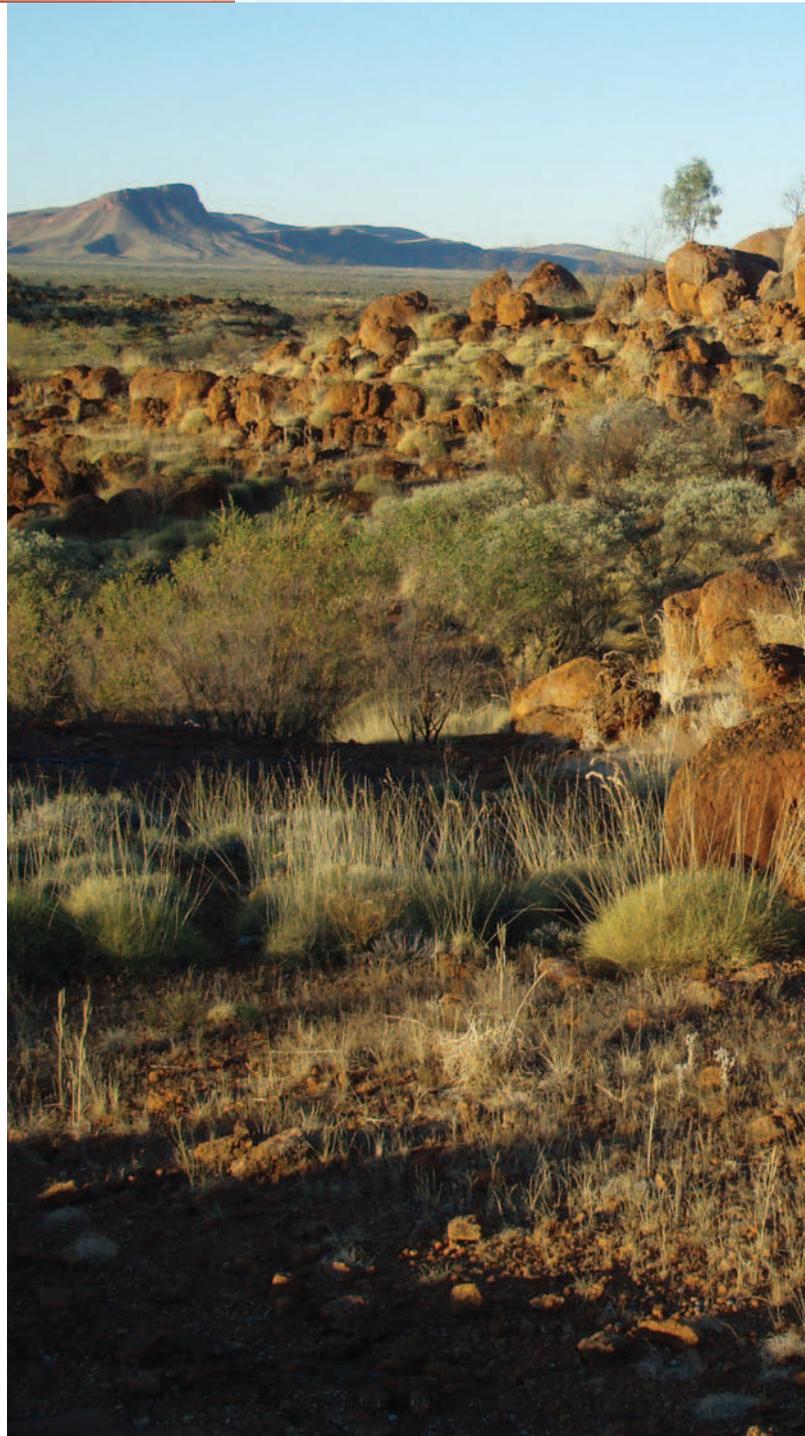
National Australia Bank
 22 – 28 King William Street, Adelaide SA 5000

Auditors

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

Securities Exchange Listing

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



Competent Person - Mineral Resources

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

Competent Person - Exploration

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



Toro Energy Limited

ABN 48 117 127 590

3 Boskenna Avenue
Norwood 5067
South Australia

ASX code: **TOE**

www.toroenergy.com.au