



3 Boskenna Avenue, Norwood SA 5067

Ph: +61-8-8362 6677 | Fx: +61-8-8362 6655 Web: www.toroenergy.com.au

19 October 2007

Dear Shareholder

ANNUAL GENERAL MEETING

I am pleased to invite you to attend the Annual General Meeting of Toro Energy Limited to be held at the Crystal Room, Level 2, Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia on Tuesday 20 November 2007 at 11.00 am.

The Australian Government recently introduced legislation changing the default option for receiving annual reports to be via a Company's web site. As a result, we have enclosed for your attention an annual report election form which provides you the option of electing to continue to receive a printed copy of the Company's annual report or receiving email notification when your annual report becomes available online.

If you are unable to attend the meeting in person, I encourage you to return the enclosed Proxy Form. The Proxy Form should be returned by post or faxed to the Company's Office or Share Registry so that it may be received by 11.00 am on Monday 19 November 2007.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Ian Gould", with a long horizontal flourish extending to the right.

IAN GOULD
CHAIRMAN
Encl.



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Toro Energy Limited will be held at the Crystal Room, Level 2, Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia on Tuesday 20 November 2007 at 11.00 am.

Ordinary Business

To receive and consider the Financial Statements for the year ended 30 June 2007 and accompanying reports of the Directors and Auditor.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

- 1] **Adoption of the remuneration report**
“That the Company adopt the Remuneration Report for the year ended 30 June 2007 as set out in the Company’s Annual Report.”
- 2] **Re-election of Mr Owen Hegarty as a Director of the Company**
“That Mr Owen Hegarty having retired by rotation in accordance with ASX Listing Rule 14.4 and Clause 6.1 of the Constitution of the Company, being eligible, and having offered himself for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.”

Special Business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

- 3] **Increase in aggregate non-executive Directors’ fees**
“That, for the purposes of ASX Listing Rule 10.17 and all other purposes, approval be and is hereby given to the increase in the aggregate maximum fees which may be paid by the Company and its non-executive Directors from \$300,000 to \$450,000 per annum.”
- 4] **Approval of a previous issue of Shares**
“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the allotment and issue of 3,066,667 Shares on 19 July 2007 at a deemed issue price of \$0.75 (75 cents) per Share to Deep Yellow Ltd are approved and ratified.”

Explanatory Notes

The Explanatory Notes accompanying this Notice of Annual General Meeting are incorporated in and comprise part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Notes.

Voting Exclusions

Resolution 3

The Company will disregard any votes cast on Resolution 3 by any Director or any associate of a Director.

Resolution 4

The Company will disregard any votes cast on Resolution 4 by Deep Yellow Ltd and any associate of Deep Yellow Ltd.

However in respect of Resolutions 3 and 4 the Company need not disregard a vote if:-

- (a) it is cast by a person who is appointed by writing as proxy for a person who is entitled to vote in accordance with the directions on the relevant proxy form; and
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” Time

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting. The Company’s directors have determined that all Shares of the Company that are quoted on ASX as at 7.00pm CST on 19 November 2007 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Dated 19 October 2007

**BY ORDER OF THE BOARD
TORO ENERGY LIMITED**



**DONALD STEPHENS
COMPANY SECRETARY**

Voting

A Proxy Form is enclosed with this Notice.

EXPLANATORY NOTES

Introduction

These Explanatory Notes set out information in connection with the business to be considered at the Annual General Meeting of Shareholders of Toro Energy proposed to be held at the Crystal Room, Level 2, Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia on Tuesday 20 November 2007 at 11.00am.

The following items of ordinary business will be considered at the meeting.

Resolution 1: Adoption of the remuneration report

The Annual Report for the year ended 30 June 2007 contains a Remuneration Report which sets out the remuneration policy for the Group and reports the remuneration arrangements in place for the executive Director, specified Executives and non-executive Directors. The report is set out in the Directors' Report of the Annual Report.

Under the provisions of the Corporations Act 2001, the shareholder vote is advisory only and will not require the Company to alter any arrangements detailed in the Remuneration Report, should the resolution not be passed. However, the Board has determined that it will take the outcome of the vote into consideration when reviewing the remuneration policy.

Resolution 2 : Re-election of Mr Owen Hegarty as a Director of the Company

In accordance with ASX Listing Rule 14.4 and clause 6.1 of the Company's Constitution at every Annual General Meeting, one third of the Directors for the time being (excluding those who retire under clause 9.2 of the Constitution) must retire from office and are eligible for re-election. Accordingly Mr Owen Hegarty retires in accordance with Listing Rule 14.4 and clause 6.1 of the Constitution and is eligible for, and offers himself for, re-election.

Resume of the candidate for election to the office of Director is as follows:-

Mr Owen Hegarty

Mr Hegarty has over 33 years direct experience in the mining industry including 25 years with the Rio Tinto Group. He became Managing Director of Oxiana Ltd in 1995.

Mr Hegarty is a Director of the Minerals Council of Australia, and Range River Gold Limited and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hegarty was awarded the 2005 AusIMM Institute Medal for his leadership and achievements in the mining industry.

Resolution 3: Approval of increase in aggregate non-executive Directors' fees

ASX Listing Rule 10.17 provides that a company must not increase the total amount of fees payable by it to its non-executive directors without first obtaining shareholder approval to the increase.

For the purposes of ASX Listing Rule 10.17, Resolution 3 seeks Shareholder approval to the proposed increase in the aggregate maximum fees that may be paid by the Company to its non-executive Directors from \$300,000 per annum to \$450,000 per annum.

The Company currently pays Dr Ian Gould, Mr Owen Hegarty and Mr Derek Carter aggregate fees of \$120,000 per annum. The Board considers it necessary to increase the aggregate maximum fees to \$450,000 per annum to allow the Company to increase the remuneration of the current non-executive directors to reflect market conditions, if required, and to appoint additional non-executive Directors in the future under a planned expansion of the Board in line with recent market announcements regarding the takeover of Nova Energy Ltd.

As the non-executive Directors have an interest in this resolution, they do not wish to make a recommendation as to how Shareholders ought to vote on Resolution 3. The Chairman intends to vote any undirected proxies in favour of Resolution 3.

Resolution 4: Approval of a previous issue of Shares

ASX Listing Rule 7.1 provides that prior approval of Shareholders is required for the issue of equity securities if the equity securities will, when aggregated with the equity securities issued by the Company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 states that an issue by a company of equity securities made without prior approval under Rule 7.1 is treated as having been made with approval for the purpose of Rule 7.1 if the issue did not breach Rule 7.1 and the Company's members subsequently approve and ratify it.

On 15 February 2007 the Company announced it had reached agreement on commercial terms with Deep Yellow Ltd for the farm-in and acquisition of the Napperby Uranium Project and associated tenements EL24246 and EL24606 by Toro. Essentially, the proposal provides Toro with a three year period to advance the Napperby project toward development with the option to acquire 100% of the project by paying DYL for the in-ground resource on terms referred to below. Finalisation of the transaction is subject to due diligence and the negotiation and execution of a binding Agreement.

The principal commercial terms are as follows:-

- 1] Toro will make an upfront payment of A\$2.3 million by issuing to DYL by the later of 25 March 2007 or the date of execution of the Agreement, 3,066,667 Toro Shares, based upon the 30 day Volume Weighted Average Price ("VWAP") on 12 February of A\$0.75/Share.
- 2] Toro agrees to spend a minimum of A\$750,000 per year for a three year period on the historically defined mineralised zone at Napperby to delineate and upgrade resources to JORC (2004) standard.
- 3] Toro can elect to acquire 100% of the project at any time during the three year period by paying DYL an amount based on the agreed JORC resources (or, if acquired prior to full conversion to JORC standard 13.2 million pounds) and 8% of the spot US\$ uranium price within a band of A\$4.50 and A\$6.00 per pound U₃O₈. At Toro's election the consideration may be any combination of cash and shares.

For example, assuming resources of 13.2 million pounds U₃O₈ Toro will pay DYL between A\$57 and A\$77 million based upon a sliding scale between A\$4.50 per pound of U₃O₈ (if the spot uranium price is A\$56/lb or lower) and A\$6.00 per pound U₃O₈ (if the spot uranium price is A\$75/lb or greater).

The Agreed Resource will be based on recalculated JORC standard resources covering the Uranerz defined mineralisation (which could be greater or less than 13.2mlb). The parameters of recalculating the resource and the relevant are will be agreed between DYL, Toro and their respective consultants.

- 4] The acquisition cost will be reduced by the upfront payment (refer point 1 above).
- 5] Upon acquisition, Toro will inherit the 2% gross royalty payable to Paladin Resources Limited. In addition, a 3% gross royalty will be payable to DYL on production above the lesser of either 13.2 million pounds U₃O₈ or the agreed JORC resources used to reference the acquisition cost and provided the uranium spot price is 15% greater than the spot uranium reference price at time of acquisition.
- 6] Toro may withdraw from the Agreement at any time subject to the upfront payment of A\$2.3 million being settled and all agreed expenditure being met on a pro-rata basis.

The Napperby Project is located approximately 150kms North West of Alice Springs in the Northern Territory. As reported in DYL's 13 December 2006ASX release, the project contains an inferred Mineral Resource of 1.9 million tonnes at 0.036% (360ppm) U₃O₈ for 670 tonnes or 1.5 million pounds of contained U₃O₈ estimated to JORC standard "occurring over 1 kilometre "strike" of the mineralised channel system". In the same ASX release DYL reported the Inferred Mineral Resource confirmed the historic estimate in the same area of Napperby. The Inferred Mineral Resource is contained within a much more extensive mineralised system in a shallow (<10 m deep) channel over a 14 kilometre "strike" length of the mineralised palaeochannel system. Definition of additional resources to JORC standard is underway.

On 7 May 2007, the Company announced that it had executed the Napperby Option Agreement.

On 20 July 2007 the Company announced that all pre-conditions pursuant to the Agreement taking effect had been completed. The key milestones completed were:-

- (1) Ministerial approval and registration under Section 173 of the Northern Territory Mining Act;
- (2) Execution of the Novation Deed with Paladin Energy Minerals NL; and
- (3) Execution of the Deed of Assumption with the Central Land Council ("CLC").

On completion of these conditions Deep Yellow Ltd was allotted and issued 3,066,667 Shares (approximately 2% of Toro's issued capital) as consideration for the option. The Shares were issued at a deemed issue price of \$0.75 each based on a 30 day volume weighted average on 12 February 2007.

The Shares the subject of the placement were all issued within the 15% 12 month limit on the issue of equity securities permitted under ASX Listing Rule 7.1 without shareholder approval. The effect of Shareholders passing Resolution 4 will be to restore the Company's ability to issue equity securities (including Shares and/or Options) within that limit, to the extent of the 3,066,667 Shares issued under the placement. Resolution 4 is to be considered as an ordinary resolution.

The Board recommends Shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.

Interpretation

Terms defined in the Notice of Meeting have the same meaning in the Explanatory Notes.

Glossary

“**ASX**” means ASX Limited ACN 008 624 691;

“**ASX Listing Rules**” means the official listing rules of ASX;

“**Board**” means the board of Directors;

“**Company**” means Toro Energy Ltd ACN 117 127 590

“**Constitution**” means the constitution of the Company;

“**Corporations Act**” means Corporations Act 2001 (Cth);

“**Director**” means a director of the Company;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means a holder of a Share.



Proxy Form

All correspondence to:
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia
 Enquiries (within Australia) 1300 556 161
 (outside Australia) 61 3 9415 4000
 Facsimile 61 8 8236 2305
 www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Appointment of Proxy

I/We being a member/s of Toro Energy Limited and entitled to attend and vote hereby appoint

<input type="checkbox"/>	the Chairman of the Meeting (mark with an 'X')	OR	<input type="text"/>
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If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Toro Energy Limited to be held at the Crystal Room, Level 2, Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia on Tuesday 20 November 2007 at 11.00 am and at any adjournment of that meeting.



IMPORTANT: FOR ITEM 3 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on item 3 below, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of this item and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on item 3 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of item 3.

Voting directions to your proxy - please mark

to indicate your directions

	For	Against	Abstain*
1. To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To consider the re-election of Mr Owen Hegarty as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the increase in aggregate non-executive Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve a previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy

<input type="checkbox"/>	Mark with an 'X' if you wish to appoint a second proxy.	AND	<input type="text"/>	%	OR	<input type="text"/>
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State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

TOE

1 PR



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's Securities register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's Securities registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 24 hours before the commencement of the meeting at 11.00 am on Tuesday 20 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON	Principal Office - 3 Boskenna Avenue, Norwood, South Australia, 5067, Australia Share Registry - Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street, Adelaide, South Australia, 5000, Australia
BY MAIL	Principal Office - 3 Boskenna Avenue, Norwood, South Australia, 5067, Australia Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia
BY FAX	+61 8 8236 2305