

TORO ENERGY LTD

A.C.N. 117 127 590

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REPORT FOR THE QUARTER ENDING 31 MARCH 2006

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HIGHLIGHTS

1. Corporate

- The Toro Energy IPO was completed successfully with the company listing on the ASX on 24th March with the stock ticker TOE.
- The float was heavily oversubscribed, however oversubscriptions were not permitted to be accepted under the terms of the Toro Energy prospectus.
- Work is proceeding to set up the Company's offices in Norwood, SA. Confirmation of address and new phone details will be advised to the ASX directly and to shareholders via the Toro Energy website in due course.
- At the end of the quarter the Company held \$17.2 million in cash and net receivables.

2. Exploration

- Toro Energy's exploration program covers over 26,000 sq km of tenements in the Gawler and Curnamona Cratons of South Australia, prospective for a number of different styles of uranium mineralisation, as per the program detailed in the Prospectus.
- Exploration work commenced at the Yaninee Project in the Streaky Bay area of SA. Mapping of palaeochannels from historical geological and geophysical data was followed by detailed microgravity traverses to assist interpretation of the channel locations. Drill sites were selected and pegged for drilling in the coming quarter. Up to 100 drillholes totalling 7000m is planned, with funding of the drilling supported by PIRSA's PACE initiative.

REVIEW OF OPERATIONS

CORPORATE

Toro Energy Ltd was formed from the uranium interests of Oxiana and Minotaur Exploration, with access to over 26,000km² of tenements in South Australia's Gawler and Curnamona Cratons. The Company was listed on the ASX following a successful IPO as follows:

- | | |
|--|------------------|
| • Record date for Priority Offer participation | 31 January 2006 |
| • ASIC lodgement date | 2 February 2006 |
| • Opening date of the offer | 20 February 2006 |
| • Closing date of the offer (earlier than planned) | 6 March 2006 |
| • Dispatch of holding statements | 21 March 2006 |
| • Date shares were quoted on the ASX (TOE) | 24 March 2006 |

The offer was heavily oversubscribed, and as oversubscriptions were not permitted to be accepted, the Directors elected to close the offer early, as allowed for in the Prospectus. Virtually all available shares were allocated to priority shareholders of Minotaur Exploration and Oxiana, who were shareholders as at the record date, and who lodged their applications prior to the close of the offer. The large number of priority applicants, and the diverse size and structure of applications received caused considerable scale back of all applications.

Toro Energy is establishing an office in Norwood, SA. Confirmation of address and new phone numbers will be advised to the ASX directly and to shareholders via the Company website in due course.

The IPO raised \$18 million, and after fees, initial exploration costs and interest, the end of quarter cash and net receivables position was \$17.2 million. Initial establishment loans from Minotaur Exploration Ltd and Oxiana Ltd will be paid back during the June quarter.

STRATEGY

Toro Energy's primary objective is to build a uranium exploration and mining company which, through a combination of direct and indirect investments, will aim to reward its Shareholders with both 'yield' and 'growth' returns. It aims to achieve this by:

- Exploring its tenements for uranium mineralisation, initially in accordance with the programme set out in the Prospectus and with modifications based on exploration results.
- Develop and adapt its geological knowledge over time to focus exploration resources on the most promising targets.
- Maintain a watching brief over the uranium sector in Australia and overseas and, if appropriate, pursue uranium development and acquisition opportunities
- Assemble a team of experienced uranium and mining industry professionals to develop a portfolio of high quality uranium production, development and advanced exploration assets.

- Access the skills base of its major Shareholders, Oxiana and Minotaur Exploration.

EXPLORATION

Toro Energy holds the uranium exploration and development rights to 26,069 km² of tenements in South Australia's Gawler and Curnamona Cratons. Oxiana has contributed the rights to uranium from its four Mt Woods tenements (excluding the Prominent Hill mining lease). Minotaur Exploration has contributed the rights to uranium from its various tenement and joint venture interests. These holdings are highlighted in Figure 1 below.

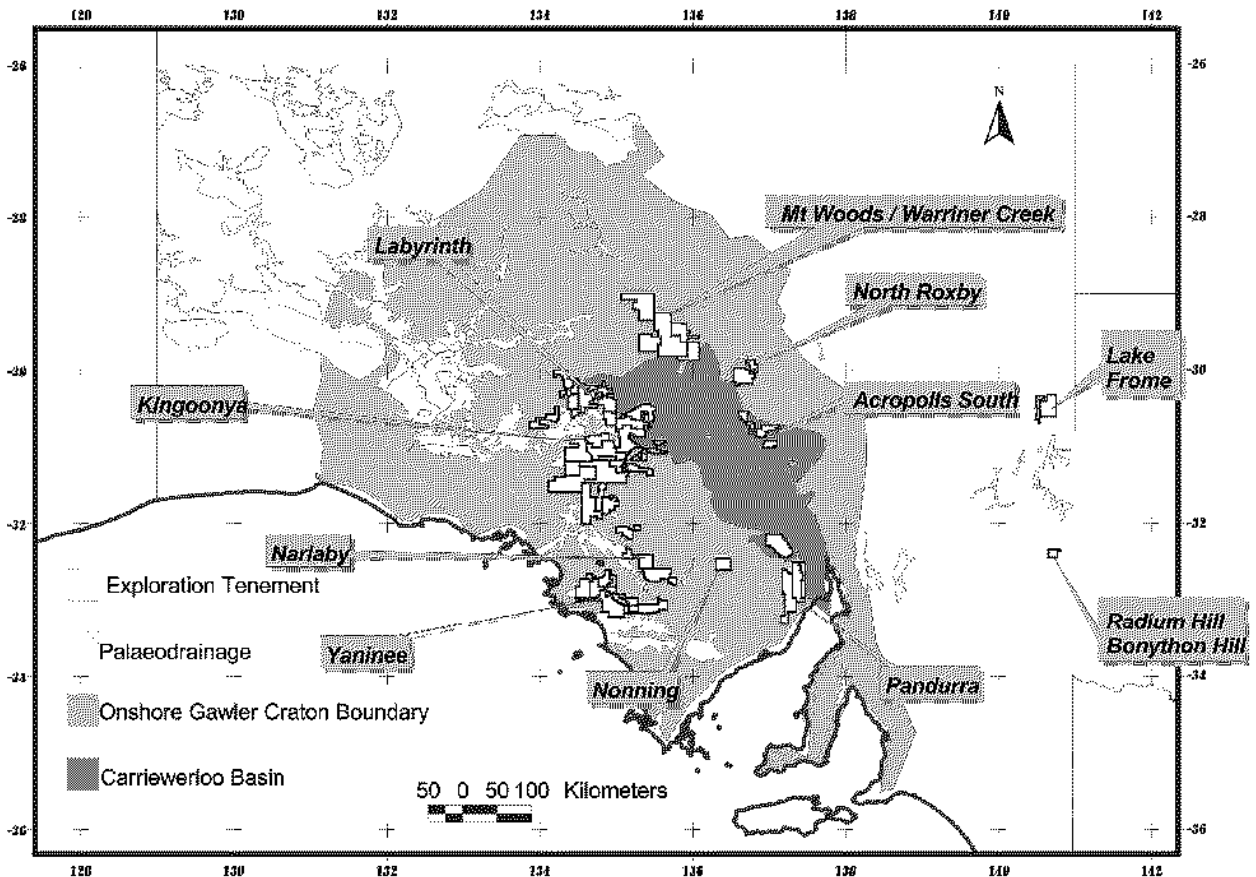


Figure 1. – Toro Energy Ltd tenement access for uranium exploration, development, mining and processing.

Yaninee Project

Toro Energy is exploring a large tenement package in the Streaky Bay area for palaeochannel hosted uranium mineralisation. The Company has access rights to these tenements, four of which are 100% held by Minotaur (Els 3135, 3255, 3366, 3367) and two held by Mithril Resources (Els 2861, 2891) under farm out to Minotaur, and hence by access agreement to Toro Energy.

The PIRSA PACE gravity data, supplemented by Minotaur gravity data, assisted to confirm the palaeochannels which have uranium potential across the area. The area hosts a large number of Hiltaba Granite plutons, which are believed to be the source of the roll front uranium mineralisation.

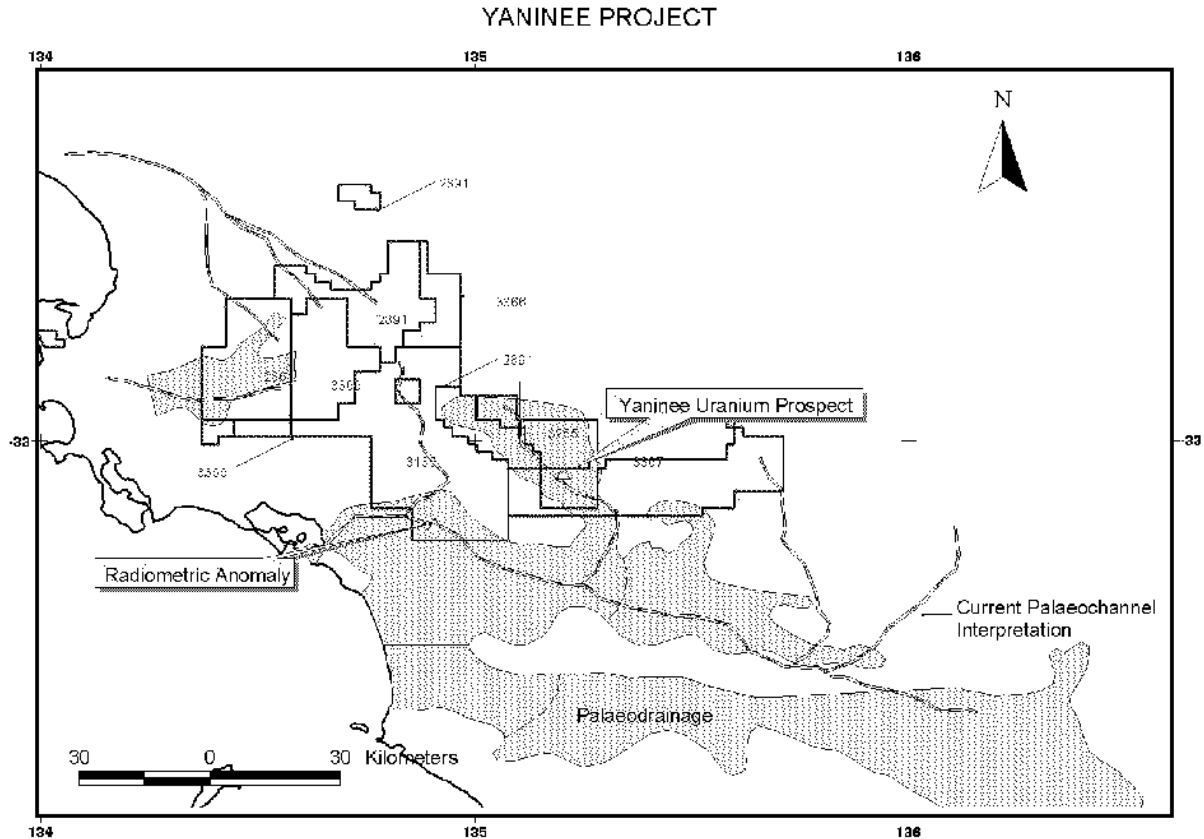


Figure 2. – Toro Energy access leases at Yaninee

A network of palaeochannels crosses the tenements, including the southwestward directed Venus Bay system, and the northwestward directed Streaky Bay system (refer Figure 2). Carpentaria Exploration Company Pty Ltd explored for sedimentary uranium throughout the region between 1979 and 1983, and discovered sub-economic uranium mineralisation in the western part of the channels.

Recent advances in geophysical processing have allowed more accurate mapping of the course of the palaeochannels using a combination of thermal imagery, gravity, elevation and drillhole data. Minotaur Exploration has tested and confirmed a new procedure of microgravity traverses for locating the deeper channel thalweg, thereby allowing direct drill targeting of the main trunk channels which have the greatest likelihood of hosting uranium mineralisation. Using this technique Toro Energy has undertaken detailed microgravity traverses over selected paleochannels in the Yaninee area, and pegged up to ten suitable drill sites for air-core drilling to be carried out in the second quarter.

Drilling commenced on 6th April with a brief break over Easter, and at time of writing no sample results were yet available from the drilling.

Warrior Uranium Prospect

A number of traverses at the Warrior Project were drilled by Minotaur Exploration during the fourth quarter 2005, while gathering data for the Toro Energy Prospectus, and for testing and confirming the new microgravity procedure referred to above. This work extended the previously known historic uranium mineralisation some 4 kms, with this still open to the south. The details of this program have been previously reported in Minotaur Exploration's December 2005 Quarterly report, and in the Toro Energy Prospectus.

A further air-core drilling program is currently being planned for this area in the second quarter 2006, with additional follow up depending on results.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

TORO ENERGY LIMITED

ABN

48 117 127 590

Quarter ended ("current quarter")

31st MARCH 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration (predominantly GST on share issue costs)	(126)	(134)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	212	212
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	86	78
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Loans from Minotaur Exploration Limited and Oxiana Limited)	400	553
Net investing cash flows	400	553
1.13 Total operating and investing cash flows (carried forward)	486	631

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	486	631
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	18,000	18,002
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (share issue costs)	(1,387)	(1,449)
Net financing cash flows		16,613	16,553
Net increase (decrease) in cash held		17,099	17,184
1.20	Cash at beginning of quarter/year to date	85	0
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	17,184	17,184

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	0
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

<p>Pursuant to the Company's prospectus, the issue of 73,500,000 ordinary fully paid shares with a fair value of \$0.25 (36,000,000 to Oxiana Limited, 36,000,000 to Minotaur Resources Investments Pty Ltd and 1,500,000 to BHP Billiton Exploration Australia Pty Ltd) to acquire 100% of the issued capital in Minotaur Uranium Pty Ltd, 100% of the issued capital in Oxiana Energy Pty Ltd and uranium access rights in the Lake Eyre and Mutooroo tenements.</p>
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	530
4.2 Development	
Total	530

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,184	85
5.2 Deposits at call	15,000	
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	17,184	85

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased	The interests of Toro Energy Limited relate to certain Exploration Licences ('EL') and Applications for Exploration Licences ('ELA') as set out in schedule one attached.		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

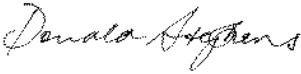
Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	145,502,000	72,000,000	25 cents	25 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	145,500,000	72,000,000	25 cents	25 cents
7.5 Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	4,000,000		<i>Exercise price</i> \$0.40	<i>Expiry date</i> 23/03/2011
	2,000,000		\$0.35	31/03/2011
	1,000,000		\$0.45	31/03/2012
7.8 Issued during quarter	4,000,000		\$0.40	23/03/2011
	2,000,000		\$0.35	31/03/2011
	1,000,000		\$0.45	31/03/2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: 28th April 2006
DONALD STEPHENS
(Company secretary)

Print name:

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

SCHEDULE 1

Project Area	Tenement	Name / Location
Kingoonya Project	EL 3045	Bulgunnia
Kingoonya Project	EL 3252	Labyrinth
Kingoonya Project	EL 3024	Gosse Range
Kingoonya Project	EL 3120	Kingoonya
Kingoonya Project	EL 3121	Gosse
Kingoonya Project	EL 3134	Mentor Outstation
Kingoonya Project	EL 2972	Partridge Range
Kingoonya Project	EL 2814	Gibraltar Rocks
Kingoonya Project	EL 3266	Deception Hill
Kingoonya Project	EL 3157	Yerda Well
Kingoonya Project	EL 3100	Chitanilga Hill
Kingoonya Project	EL 3335	Yellabinna
Kingoonya Project	EL 2854	Tunkillia West
Kingoonya Project	EL 3403	Lake Everard
Kingoonya Project	EL 2866	Lake Labyrinth
Kingoonya Project	EL 3040	Rounsevell Hill
Kingoonya Project	EL 3107	Glenloth
Lake Frome Project	EL 3327	Culberta Bore
Lake Frome Project	EL 3487	Curraworra Bore
Mount Woods - Warriner Creek Project	EL 3302	Warriner Creek
Mount Woods – Warriner Creek Project	EL 3056	Painted Hill
Mount Woods – Warriner Creek Project	EL 3079	Birthday Hill
Mount Woods – Warriner Creek Project	EL 3162	White Hill
Mount Woods – Warriner Creek Project	EL 3229	Mount Hawker
Narlaby Project	EL 3094	Glyde Hill
Narlaby Project	EL 3460	Nuckulla Hill
Narlaby Project	EL 3166	Childara Well
Narlaby Project	EL 3456	Mount Double
Narlaby Project	EL 3486	Conical Hill
Nonning Project	ELA 2005/326	Nonning
Pandurra Project	EL 3236	Iron Baron
Pandurra Project	EL 3416	Pandurra
Pandurra Project	EL 3443	Roopena
Radium Hill – Bonython Hill Project	ELA 2005/862	Bonython Hill
Roxby - Acropolis Project	EL 2931	Acropolis South
Roxby - Acropolis Project	EL 2932	North Roxby
Yaninee Project	EL 3135	Kottata Well
Yaninee Project	EL 3255	Eldale
Yaninee Project	EL 3366	Tootla
Yaninee Project	EL 3367	Broadacres
Yaninee Project	EL 2861	Calca
Yaninee Project	EL 2891	Pochera