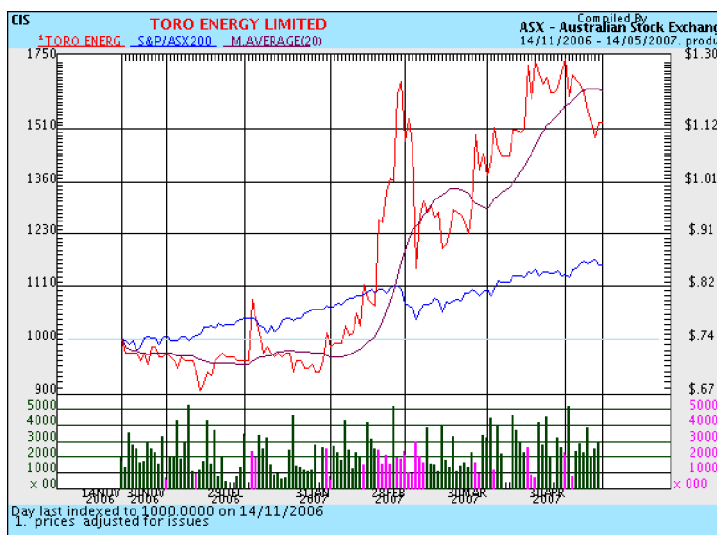


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Special Situation – May 2007

www.toroenergy.com.au



Toro Energy Ltd. (A\$ 1.07)

ASX	: TOE
H+L prices (12 months)	: A\$ 1.36 – 0.41
Net issued shares	: 145.5 million
Fully diluted	: 153.0 million
Market capitalization	: A\$ 155.7 million

First price target: A\$ 2.00

Company profile

Toro Energy ("Toro") was formed in March 2006 through the amalgamation of the uranium interests of Oxiana and Minotaur Exploration in South Australia to create one of the foremost uranium explorers in one of the world's most prospective uranium regions – South Australia's Gawler and Curnamona Cratons, where 10 historic projects or occurrences have been recorded.

In February 2007, Toro reached agreement with Deep Yellow of Australia for the farm-in and acquisition of the Napperby Uranium Project in Northern Territory, which has a historic resource of 13.2 million pounds of U3O8.

Through 100% property rights held by Minotaur and Oxiana, both companies holding a 24.7% equity interest in Toro, the Company has an extensive tenement position.

This includes the Warrior Project, the largest known uranium palaeochannel deposit in the Gawler Craton, the remaining part of which Toro secured with a farm-in and JV with Stellar Resources in July 2006.

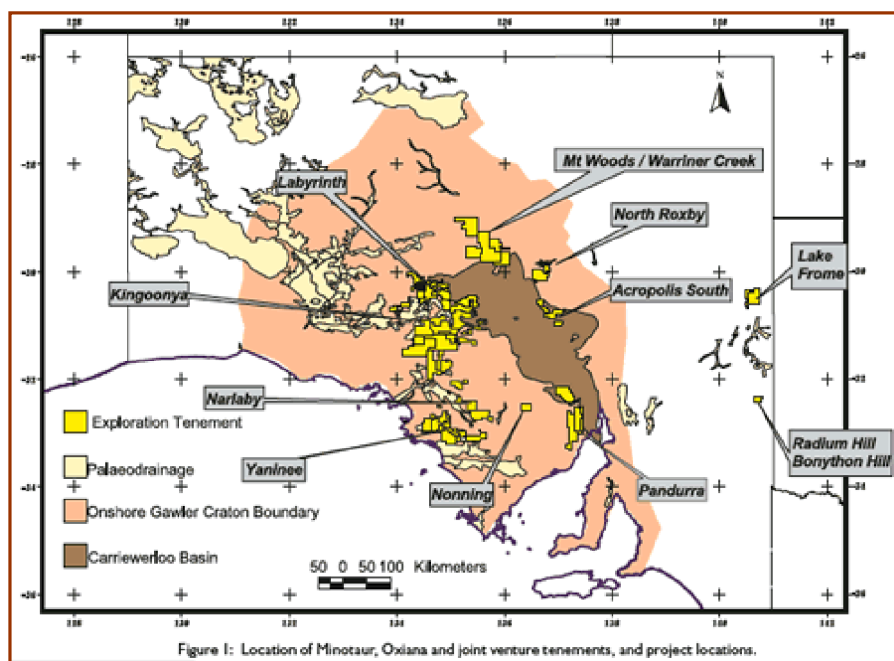


Figure 1: Location of Minotaur, Oxiana and joint venture tenements, and project locations.

In April 2007 Toro Energy obtained exclusive rights to review certain tenement areas in Morocco containing known uranium mineralization. Over 6 months Toro will work with ONHYM, the Moroccan Government Mines and Energy Ministry to select areas which may host potential for economic deposits, and retains the right to negotiate a joint venture for detailed exploration and evaluation of these areas.

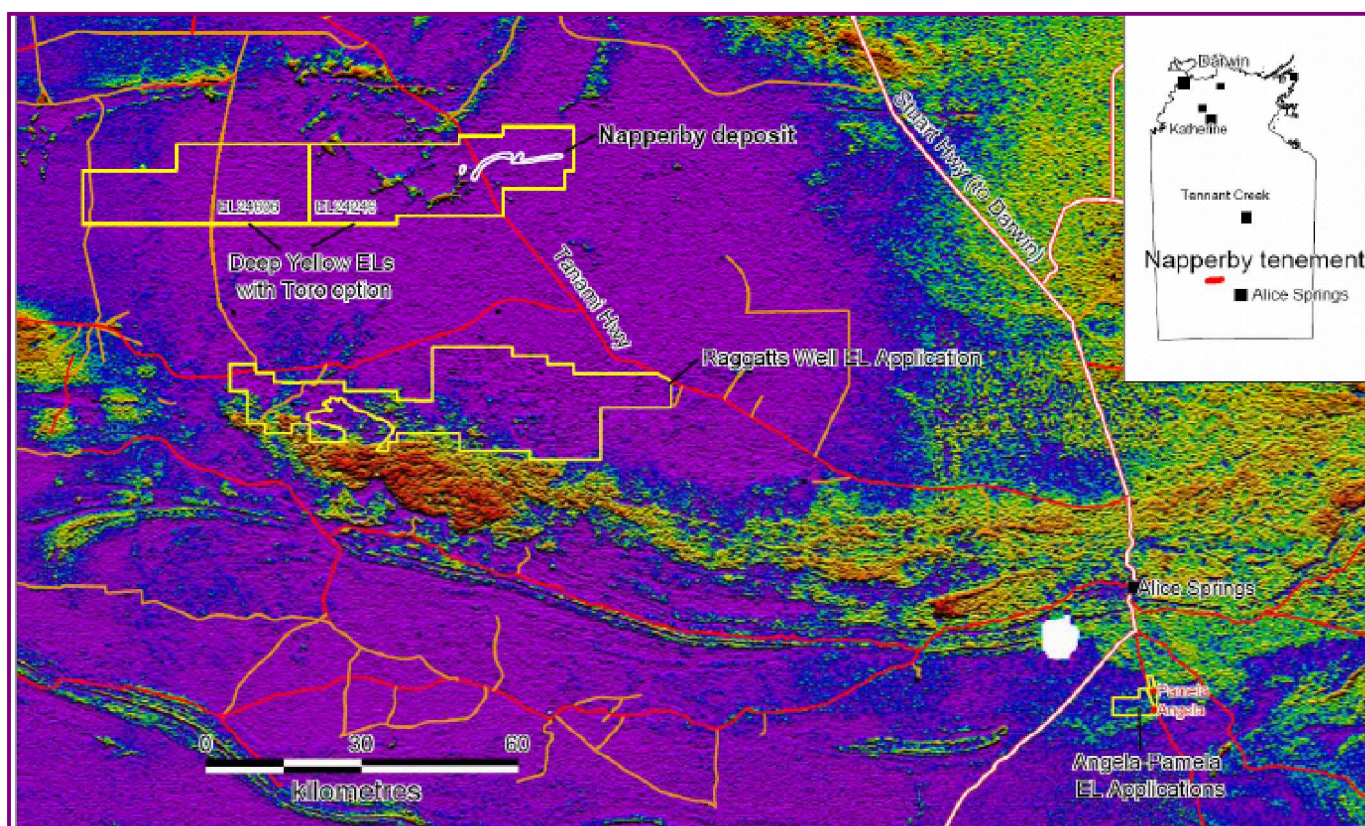
Overview of projects

Ø Napperby Uranium Project, New Well, Northern Territory

In February 2007, Toro reached agreement on commercial terms with Deep Yellow (DYL – ASX) for the farm-in and acquisition of the Napperby Uranium Project and its associated tenements EL 24246 and EL 24606 by Toro.

The Napperby Project is located 150 km northwest of Alice Springs, is a surficial calcrete deposit (Yeelirrie, Langer-Heinrich) and Toro's most advanced project. It has open pit potential with low stripping ratio and a low cut-off grade. It was the subject of a pre-feasibility study by Uranerz in the 1970s. Mineralization is 3 metres to 5 metres thick, located within 7 metres of the surface and metallurgy is expected to be amenable to alkaline leaching.

Leases cover 150 km of prospective channel, much of which has never been drilled. The historic resource of 27.0 million tonnes of ore grading 0.037% U₃O₈ containing 13.2 million pounds of U₃O₈ occurs along parts of a 14 km strike length (300m x 400m drill centres), where resource upside could result from additional infill drilling to confirm deposit continuity and higher grades. During 2006 Deep Yellow completed work to bring 670 tonnes of mineralization into Inferred Resource category under the Australian JORC (2004) ore resources and reserves code. Toro will continue this updated resource definition work.



Upon completion of the detailed agreement, Toro will provide an initial upfront payment of A\$ 2.3 million to Deep Yellow via the issues of 3.07 million Toro Energy shares at a price of A\$ 0.75 per share. The Company has agreed to spend a minimum of A\$ 750,000 per year for a 3-year period on the historically defined mineralised zone at Napperby to delineate an upgrade resource to JORC (2004) standard. Planned expenditure will be approximately A\$ 3 million over the three years.

Toro can elect to acquire 100% of the Project at any time during a 3-year period by paying Deep Yellow an amount based on the agreed JORC resources defined (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. The final consideration will be reduced by the upfront payment amount.

For example, assuming resources of 13.2 million pounds U₃O₈, Toro will pay Deep Yellow between A\$ 57 million 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 per pound or lower) and A\$ 6.00 per pound of U₃O₈ (if the spot uranium price is A\$ 75 per pound or greater).

The agreed resource will be based on recalculated standard resources covering the Uranerz defined mineralised channel, which could be greater or less than 13.2 million pounds.

On acquisition, Toro will inherit the 2% gross royalty payable to Paladin Resources. In addition, a 3% gross royalty will be payable to Deep Yellow on cumulative production above the agreed JORC resources and provided the uranium spot price is 15% greater than the spot uranium reference price at time of acquisition.

South Australia Properties

Through the 100% uranium rights over tenements held by Minotaur and Oxiana (excluding the Prominent Hill mining lease), Toro has an extensive tenement position on one of the most uranium-prospective terrains of Australia, the Gawler Craton in South Australia, where 10 historic uranium projects and occurrences have been recorded. The geology is responsive to modern remote sensing techniques and initial exploration programs are eligible for partial Government funding ("PACE").

Ø **Warrior Project, Gawler Craton, South Australia**

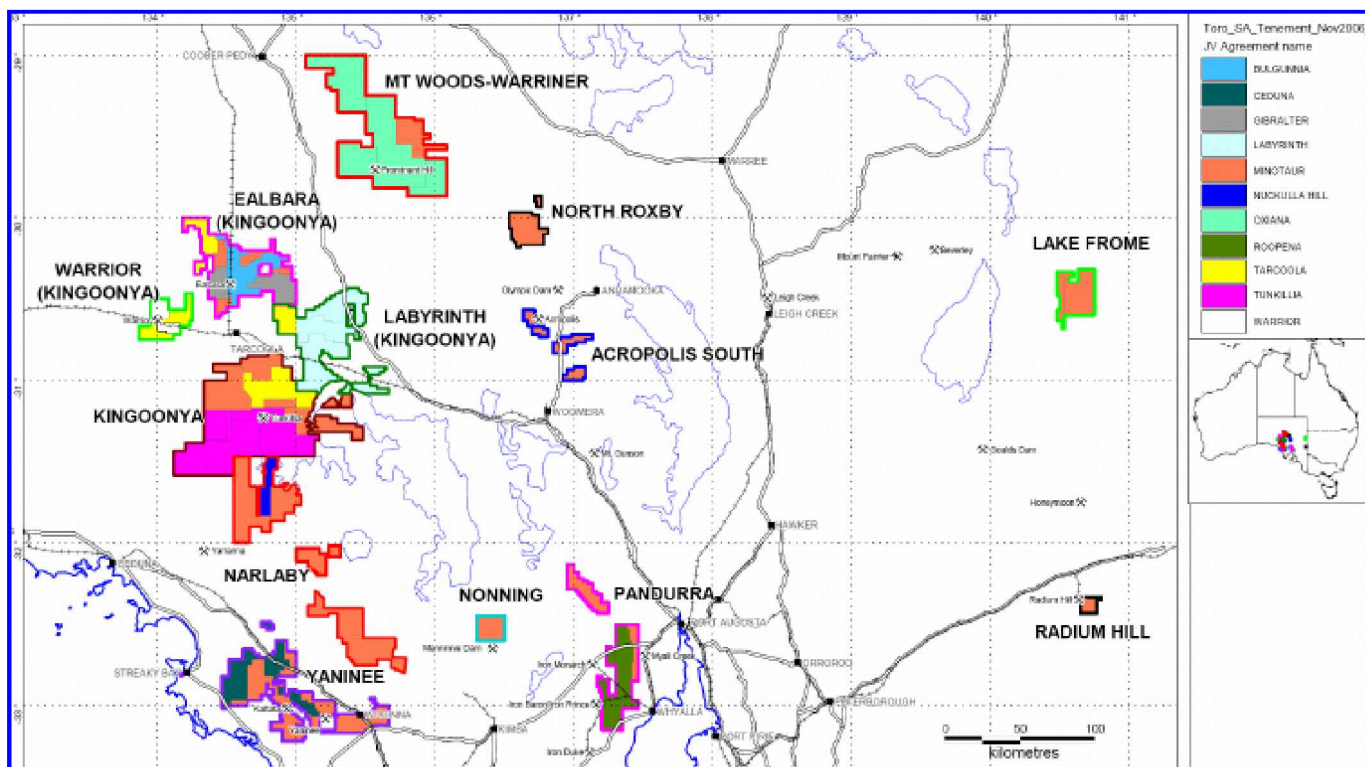
The Warrior Project is the most advanced and largest known uranium palaeochannel deposit in the Gawler Craton and 4th in Southern Australia behind Beverley, Honeymoon and Goulds Dam.PNC, the former Japanese Government sponsored uranium exploration company that undertook a significant amount of exploration in Australia, delineated mineralization at the Warrior Deposit in the 1970/80s over a strike length of some 15km of palaeochannel.

Toro completed a short drilling program at EL 3040 at Warrior (29 air core holes – 1,430 metres) in July 2006, which confirmed boundaries of mineralised palaeochannels and obtained a maximum uranium assay of 424 ppm U₃O₈ (0.04% U₃O₈).

Toro undertook a joint venture with Stellar Resources (ASX – SRZ) in July 2006 for the adjoining Tenements EL 3372 and EL 3369 W, incorporating the remainder of the Warrior prospect. In late 2006 / early 2007 an Access Agreement was finalised with the local Aboriginal people, and clearance obtained for the first significant drilling program.

Infill and extension drilling commenced in late February with an initial 10,000 metres air core program. In April, Toro completed approximately 75% of the initial program of 200 holes drilled.

Initial assay results from this drilling have increased the tenor of the mineralization with maximum assay to 900 ppm U₃O₈ (0.09% U₃O₈). Composite assays over 4 to 5 metres, and up to 400 ppm (0.04%) U₃O₈ have been determined. These anomalous results in close proximity to each other are indicating continuity of mineralization. A JORC resource over selective higher grade zones is anticipated by 2008. An exploration expenditure of approximately A\$ 3.5 million over the next 2 to 3 years is anticipated



Ø Ealbara Project, South Australia

The Ealbara Project is located 40 km north of Tarcoola in South Australia. Toro is reviewing previous drilling by PNC on a strongly mineralised palaeochannel definition from, an Airborne Electromagnetic survey.

Toro has defined drill targets which were previously missed by earlier exploration (refer diagram below). Drilling is planned for the first half of 2007.

Ø Yaninee Project, South Australia

The Yaninee Project is located near Streaking Bay, Eyre Peninsula. Initial drilling by Toro was commenced within ten days of the Company listing in March 2006.

Air core drilling was initially undertaken on 7 traverses. New intervals of anomalous, gamma radiation and 1 metre uranium assays from Kattata Palaeochannel (previously not drill tested) intersected up to 0.03% U₃O₈. Infill and extension air core drilling completed at Traverse 5 over the Kattata Palaeochannel established anomalous gamma radiation (200 to > cps: 1 – 3 m intervals) over a 500 m strike extent near the eastern margin of the palaeochannel.

Gamma ray anomalies by XRF assays were confirmed, with up to 271 ppm U₃O₈ over 1 metre.

A second, larger drilling program has commenced in November 2006 on Kattata Palaeochannel involving step-out drilling to the east of Traverse 5 and additional traverses north and south of Traverse 5.

Assay results are pending.

Excluding the Warrior Project, planned exploration expenditure on South Australia properties of approximately A\$ 2.5 to 3.0 million per year is anticipated, depending on resources available.

Moroccan Exploration Evaluation

Toro Energy recently expanded its uranium interests overseas with a new focus on prospects in Morocco in northwest Africa. Under a Memorandum of Understanding (MOU) with the Moroccan Government, Toro has been granted exclusive rights for the next six months to review the potential of selected Moroccan prospects for uranium mineralization.

Morocco has known uranium mineralization from earlier exploration by French and Russian companies in the early 1980's but these resources were never developed.

Under the terms of the MOU, Morocco's Office National des Hydrocarbures et des Mines (ONHYM) has granted Toro exclusive evaluation and review rights over numerous permits in three areas - Haute Moulouya-Ment, Wafaga and Sirwa (Zgounder). The exclusive terms within the MOU provide Toro with significant upside and will act as a natural balance with the Australian uranium exploration assets in South Australia and the Northern Territory.

Where areas of strong potential for likely uranium deposits are identified, Toro retains the exclusive rights to negotiate and enter into joint venture arrangements with ONHYM for more detailed exploration and development work on such deposits.

With little modern uranium exploration in Morocco, Toro's review would focus on accessing and evaluating data, reports, plans, maps diagrams and other information held by ONHYM, and visiting selected sites. The geology of the three areas is favourable, with more than 100 uranium occurrences identified from previous work. Toro will cover all costs associated with this review.

During the six months, Toro will work closely with ONHYM geologists, and also review Morocco's tax, legal, royalty, employment and working arrangements in preparation for potential JV's.

Management

Dr. Ian Gould, Non-executive Chairman, BSc (Hons), PhD (Geology), has over 36 years experience in senior executive positions in the minerals industry, including 17 years in the CRA/Rio Tinto Group, where he was Managing Director of Comalco's bauxite and alumina interests and subsequently Group Executive responsible for exploration, before his appointment as the first Managing Director - Australia for Rio Tinto.

Dr. Gould was subsequently Managing Director of the Normandy Mining Group until 2000, and non-executive director of Western Metals Ltd from 2000 (subsequently Chairman from 2002). He heads the South Australian Government Minerals and Energy advisory group SAMPEG, and is a member of the SA Resources Industry Development Board. He is also a Fellow and immediate past President of the Australasian Institute of Mining and Metallurgy.

Greg Hall, Managing Director, BEng, is a Mining Engineer with 27 years experience in the resources industry, including over 17 years in the uranium industry in senior marketing and operational management roles. He was Underground Manager, then Mining Manager from 1987 to 1992 at WMC's Olympic Dam Cu/U mine in South Australia during development, commissioning, production and first expansion programs. After various roles in WMC's nickel mining operations, he joined ERA's uranium operations as Manager Mining at the Northern Territory Ranger and Jabiluka sites. He was Marketing Manager (North America) for ERA's uranium sales from 2000 to 2004, until joining Comalco (now Rio Tinto Aluminium) as Director Sales – Bauxite and Alumina. Mr. Hall joined Toro Energy at its launch on the ASX in March 2006.

Owen Hegarty, Non-executive Director, BEc (Hons), has over 32 years direct experience in the mining industry including 24 years with the Rio Tinto Group where from 1988 to 1993 he was Managing Director of its copper and gold mining and smelting business unit. Mr. Hegarty became Managing Director of Oxiana in 1995. He is a Fellow of the Australasian Institute of Mining and Metallurgy and is also a Director of the Australian Gold Council and Range River Gold.

Derek Carter, Non-executive Director, BSc, MSc, is a geologist with over 30 years experience in corporate management, exploration and mining. He worked in Australia and overseas for Billiton (Shell Group of Companies) for 16 years. For 5 years Mr. Carter was General Manager-Exploration for Burmine before establishing Minotaur Gold NL (now Redport) in 1993. He formed Minotaur Resources in 2000 and Minotaur Exploration in 2005, and he was Managing Director of all these groups at their inceptions. Minotaur Resources discovered the significant Prominent Hill Cu/Au deposit in SA, now being developed by Oxiana. Mr. Carter is currently the Managing Director of Minotaur Exploration.

Investment recommendation:

Toro was formed in March 2006 through the amalgamation of the uranium assets of Oxiana and Minotaur Exploration in South Australia to create one of the foremost uranium explorers in one of the world's most prospective uranium resources – South Australia's Gawler and Curnamkona Cratons. The extensive tenement position includes the Warrior Project, the largest known uranium palaeochannel deposit in the Gawler Craton. The Project was extended by a joint venture with Stellar Resources in July 2006.

In February 2007, Toro reached agreement with Deep Yellow for the farm-in and acquisition of the Napperby Uranium Project in Northern Territory, which has a historic resource of 13.2 million pounds of U3O8, and is the Company's most advanced project.

With the acquisition price capped at A\$ 6.00 per pound, Toro offers increased leverage to upside the uranium price, and is undervalued to similar scale projects with completed scoping studies which are currently trading at A\$ 8 per pound to A\$ 12 per pound.

In April 2007, Toro signed an MoU with ONHYM, the Moroccan Government ministry of Mines and Energy, for exclusive rights over certain regions containing previously discovered uranium mineralization.

In addition, with the Company offering greenfield upside to its defined projects in South Australia (particularly the Warrior Project), we think that Toro, at a current market capitalization of A\$ 156 million, including cash of A\$ 13.0 million at March 2007, is significantly undervalued.

Our first price objective is A\$ 2.00