



TORO
ENERGY LIMITED
ACN 117 127 590

3 Boskenna Avenue
Norwood SA 5067
Phone: +61-8-8362 6677
Fax: +61-8-8362 6655
Website: www.torogenergy.com.au

19 October 2006

Dear Shareholder

ANNUAL GENERAL MEETING

I am pleased to invite you to attend the first Annual General Meeting of Toro Energy Ltd to be held at the Crystal Room, Level 2, Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia on Thursday, 23 November 2006 at 11.00 am.

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 Tuesday 21 November 2006.

✽

Yours sincerely,

DR IAN GOULD
CHAIRMAN

Encl.

Item 6 : To approve the Remuneration Report

The resolution to be put to the meeting is:
To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:
"That the Remuneration Report, the details of which are contained within the Directors' Report of the Company's Annual Report, is hereby approved."

The Annual Report for the year ended 30 June 2006 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.

Interpretation

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



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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 Thursday 23 November 2006 at 11.00 am.

Ordinary Business

- 1] To receive and consider the financial statements for the year ended 30 June 2006 and accompanying reports of the Directors and Auditor thereon.
- 2] To consider the election of Dr Ian Gould who retires automatically as a director in accordance with the Company's Constitution and being eligible, offers himself for election.
- 3] To consider the election of Mr Owen Hegarty who retires automatically as a director in accordance with the Company's Constitution and being eligible, offers himself for election.
- 4] To consider the election of Mr Derek Carter who retires automatically as a director in accordance with the Company's Constitution and being eligible, offers himself for election.
- 5] To consider the election of Mr G Hall who retires automatically as a director in accordance with the Company's Constitution and being eligible, offers himself for election.
- 6] To approve the Remuneration Report relating to directors and specified executives for the year ended 30 June 2006.

*Further information in relation to these resolutions is set out in the Explanatory Notes which accompany and form part of this Notice of Meeting.

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.

Dated 19 October 2006

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

A handwritten signature in cursive script, appearing to read 'Donald Stephens'.

**DONALD STEPHENS
COMPANY SECRETARY**

Voting

A Proxy Form is enclosed with this Notice.



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Introduction

EXPLANATORY NOTES

These Explanatory Notes set out information in connection with the business to be considered at the Annual General Meeting of Shareholders proposed to be held at the Crystal Room, Level 2, Stamford Plaza Hotel, 150 North Terrace, Adelaide, South Australia on Thursday 23 November 2006 at 11.00am.

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

Item 1 : To receive and consider the financial statements for the year ended 30 June 2006

Shareholders should receive a copy of the Company's Annual Report for the year ended 30 June 2006 at the same time as this notice. Shareholders are asked to receive and consider these financial statements and the accompanying reports of the Directors and Auditors thereon.

Item 2 : To consider the election of Dr Ian Gould as a director of the Company

In accordance with the Company's Constitution Dr Ian Gould automatically retires from the conclusion of this meeting and being eligible, offers himself for election.

The resolution to be put to the meeting is:

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Dr Ian Gould be elected as a director of the Company with effect from the conclusion of this meeting."

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

Ian Gould, BSc (Hons), PhD (Geology), FAusIMM
(Non-Executive Chairman)

Dr Gould was appointed as a director of Toro Energy Ltd on 14 November 2005. He 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 Ltd Group, before his retirement in 2000, and non-executive director of Western Metals Ltd from 2000 (chairman from 2002) until 2005. He is also a Fellow and immediate past President of the Australasian Institute of Mining and Metallurgy. Dr Gould is currently chairman of the South Australian Minerals and Petroleum and Experts Group (SAMPEG), the Australian Institute of Marine Science, St. Andrew's Hospital in Adelaide South Australia, and the CSIRO's Minerals Sector Advisory Committee. He is President of the Royal Flying Doctor Service (Central Operations), and is a member of the South Australian National Parks and Wildlife Council and the South Australian Resources Industry Development Board. He is also a non-executive director of Abra Mining Ltd, a listed base metals explorer.

Item 3 : To consider the election of Mr Owen Hegarty as a director of the Company

In accordance with the Company's Constitution Mr Owen Hegarty automatically retires from the conclusion of this meeting and being eligible, offers himself for election.

The resolution to be put to the meeting is:

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Owen Hegarty be elected as a director of the Company with effect from the conclusion of this meeting."

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

Owen Hegarty, BEc(Hons), FAusIMM
(Non-Executive Director)

Mr Hegarty was appointed as a director of Toro Energy Ltd on 14 November 2005. He 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. He became managing director of Oxiana in 1995 and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hegarty is also a director of the Australian Gold Council and Range River Gold Limited. He is a member of the Company's audit committee.

Item 4 : To consider the election of Mr Derek Carter as a director of the Company

In accordance with the Company's Constitution Mr Derek Carter automatically retires from the conclusion of this meeting and being eligible, offers himself for election.

The resolution to be put to the meeting is:

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Derek Carter be elected as a director of the Company with effect from the conclusion of this meeting."

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

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

Derek Carter joined the board of directors on 26 April 2002. He has over 31 years experience in exploration and mining geology and management. He held senior positions in the Shell Group of Companies and Burnmire Limited before founding Minotaur Gold NL where he was managing director for 7 years. He was managing director of Minotaur Resources Ltd from February 2000 until its restructure in February 2005. He is also the Chairman of Petratherm Ltd, is managing director of Minotaur Exploration Ltd and is a board member of the Australian Gold Council and chairs the Council's Investment Group; is former President, and current Vice President of the South Australian Chamber of Mines and Energy and is a member of the South Australian Resources Development Board and the South Australian Minerals and Petroleum Experts Group.

Item 5 : To consider the election of Mr Greg Hall as a director of the Company

In accordance with the Company's Constitution Mr Greg Hall automatically retires from the conclusion of this meeting and being eligible, offers himself for election.

The resolution to be put to the meeting is:

To consider and, if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr Greg Hall be elected as a director of the Company with effect from the conclusion of this meeting."

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

Greg Hall, BEng
(Managing Director)

Greg Hall was appointed as a director of Toro Energy Ltd on 29 March 2006. He is a mining engineer with 27 years experience in the resources industry, including over 10 years in the uranium industry in senior marketing and operational management roles. Mr Hall was marketing manager (North America) for ERA Ltd from 2000 to 2004 including one year managing business improvement processes at its Ranger project. Prior to this, he was Manager - Mining of ERA Ltd's Ranger and Jabluka operations. Mr Hall has also 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 responsible for development and management of the underground operations from 1987 to 1992. Mr Hall's was director sales - Bauxite and Alumina with Comalco, a member of the Rio Tinto group, which he joined in 2004.

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 1903 Adelaide
SA 5001 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



the Chairman
of the Meeting
(mark with an 'X')

OR

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 23rd November 2006 at 11.00am and at any adjournment of that meeting.

Voting directions to your proxy - please mark to indicate your directions

1. To receive and consider the financial statements for the year ended 30 June 2006
2. To consider the election of Dr Ian Gould as a director of the Company
3. To consider the election of Mr Owen Hegarty as a director of the Company
4. To consider the election of Mr Derek Carter as a director of the Company
5. To consider the election of Mr Greg Hall as a director of the Company
6. To approve the Remuneration Report

	For	Against	Abstain*
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item 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



Mark with an 'X' if you wish to appoint a second proxy.

AND

 %

OR

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

/ /

How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share 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 share 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 share 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 48 hours before the commencement of the meeting at 11.00am on 23rd November 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

- IN PERSON Registered Office - 3 Boskenna Avenue, NORWOOD SA 5067 AUSTRALIA
Share Registry - Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street, Adelaide SA 5000 Australia
- BY MAIL Registered Office - 3 Boskenna Avenue, NORWOOD SA 5067 AUSTRALIA
Share Registry - Computershare Investor Services Pty Limited, GPO Box 1903, Adelaide SA 5001 Australia
- BY FAX 61 8 8236 2305