

Toro Energy Ltd

ABN 48 117 127 590

Half Year Report

for the half year ended 31 December 2009

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Directors' Report

The directors of Toro Energy Ltd submit their report for the half-year ended 31 December 2009.

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Ms Erica Smyth	Non Exec. Chair
Mr Greg Hall	Managing Director
Mr Derek Carter	Non Exec. Director
Mr John Nitschke	Non Exec. Director
Mr Peter Lester	Non Exec. Director
Mr Jeff Sells	Non Exec. Director
Mr Andrew Coles	Non Exec. Director (Appointed 14 September 2009)

Company Secretary

Donald Stephens

REVIEW OF OPERATIONS

CORPORATE

Toro Energy completed a capital raising totalling A\$61m through placements to institutional and sophisticated investors (including OZ Minerals) and a share purchase plan (SPP). This involved the issuing of 404,178,881 Toro shares at A\$0.15 per share as follows;

23 September 2009	Tranche 1	83,636,669 shares
02 November 2009	Tranche 2	182,836,797 shares
17 November 2009	SPP	<u>137,978,415</u> shares
	Total	404,178,881 shares

Funds secured through the Institutional Placement and SPP will be applied to the bankable feasibility study and compliance with regulatory requirements at Wiluna, along with other project development, exploration and corporate development initiatives.

Also executed during the half year was an Equity Line of Credit agreement provided by YA Global Master SPV Ltd ("YA Global") based in the United States. This provides Toro with additional flexibility in its financing options allowing "at call" share placements of up to \$500,000 during a 10 day trading period, with total placements allowed up to the facility limit of \$20 million.

Toro Energy acquired two additional uranium prospective exploration tenements at Wiluna in Western Australia. The acquisition price of A\$1.0 million was satisfied by the issuance to Liberty Resources Ltd of 5 million ordinary Toro shares at A\$0.20 per share. The acquisition covers the footprint of the "Firestrike" uranium discovery and borders Toro's Wiluna Uranium Project.

Mr Andrew Coles was appointed to the Board of Directors as a non-executive director and nominee of OZ Minerals. Mr Coles is the Chief Financial Officer of Oz Minerals and has held roles in accounting and finance, including roles with Zinifex, ExxonMobil and Esso Australia.

At the end of the December 2009 quarter, the Company held cash of A\$61.9 million.

PROJECT DEVELOPMENT

WILUNA PROJECT - LAKE WAY/ CENTIPEDE URANIUM DEPOSITS (WA) *(Toro Energy 100%)*

The Optimisation Study for the Wiluna Project, assisted by GDR Minproc and SRK Consultants was completed and announced to the market on 1 September 2009. The study achieved capital savings from infrastructure and process plant redesign and operating cost improvements from increased grade, processing and cost refinements.

The study of various processing options concluded that an alkaline heap leach, with direct precipitation of uranium from pregnant liquor, as the preferred project development route.

On the basis of the optimisation study the company initiated a Bankable Feasibility Study.

Toro is confident that these improved economics can deliver sustainable uranium production with sound investment returns at forecasted long-term uranium prices over a planned 10 year life.

In line with progressing the Bankable Feasibility Study, planning and implementation of the following work programs, have been initiated;

- Resource evaluation excavation to test mining methodology, grade control, ground water management, resource to reserve reconciliations and environmental impacts;
- Ground water characterisation of volume and quality;
- Water supply verification;
- Resource drilling to increase the level of resource confidence and provide samples for metallurgical testing across the deposits;
- Laboratory metallurgical testing to determine heap leach conditions;
- Pilot testing to refine the process;
- Site heap leach trials to verify metallurgical conditions, recoveries and environmental impacts;
- Additional baseline flora and fauna studies;
- Additional soil and baseline radiation studies;
- Continuing work on the proposed ERMP submission for August 2010.

Toro has continued to meet with State and Federal agencies to fully brief them on the project progress.

Toro held further country meetings with Native Title Claimants at Wiluna during November, coordinated by the Native Title representative body.

NAPPERBY URANIUM PROJECT (NT)

The final draft of the URS Napperby Scoping Study was received during the period. The Scoping Study evaluated four process alternatives of which two were considered suitable for more detailed study, namely Alkaline heap leach and Alkaline agitated leach.

This report is now being reviewed along with broader opportunities in the region.

EXPLORATION

The Australian and Namibian exploration licences and applications held by Toro, or subject to uranium access and joint venture rights, as at 31 December 2009 are shown in the table below;

Tenure Area Stats (km2)		31/12/2009	
	Granted	Application	Total
South Australia	7,280		7,280
Northern Territory	9,500	18,425	27,925
Western Australia	5,060	570	5,630
Namibia	1,326		1,326
TOTAL	23165	18995	42160

South Australia

Mount Woods Project

Uranium Access rights to ELs 4132, 4025, 3162 and 3229 - held 100% by OZ Minerals Limited

Uranium Access rights to EL3302 - held 100% by Minotaur

Toro is continuing its assessment of these tenements and where possible leveraging from the current exploration program being performed by OZ Minerals in this area.

Roxby Acropolis Project

Minotaur Uranium Access Agreement -ELs 3761 and 3762

Minotaur Exploration and Toro completed a 50/50 funded gravity survey to enhance the gravity anomaly at the Aphrodite Project. Minotaur Exploration (MEP) is planning to drill a second hole at the Aphrodite Prospect following the reinterpretation of detailed gravity (ASX: 28 Oct 2009). This drill hole will test the peak gravity anomaly on the tenement.

Northern Territory

Napperby Deeps JV Project

EL's 24246 and 24606 (DYL 100% - Toro Energy Limited Option to Purchase, 50% on Deeps JV Toro and DYL)

Two holes were drilled both targeting magnetic anomalies. The first drill was abandoned at 68m after failing to penetrate through Tertiary clays and sands. The second drill hole completed to a depth of 135.9m and intersected weathered and oxidised granitic material from 45m to 79m and fresh biotite- rich granite from 79m. The fresh granite has abundant magnetite and the typical magnetic susceptibility.

Further drilling of the untested gravity and magnetic targets is being planned for 2010.

Reynolds Range Project

100% Toro - ELs 26265, 26287, 26438, 26478, 26704, 27115, 26848, 27138 and 26542

A detailed airborne electromagnetic (Tempest) survey was flown over parts of the project area to elucidate the sedimentary architecture and identify conductive features. Initial interpretation indicates the presence of well defined palaeochannels, basement conductors and structural dismemberment.

Sandover Project

100% Toro - ELs 26542, 26545, 27052 and ELA's 26600 and 27531

Preliminary airborne EM data defines major regional structures that have the potential for deep-seated and granite associated hydrothermal systems that could host IOCGU systems. These structures are also evident in preliminary seismic data released by Geoscience Australia. Drill targets are being planned for drilling in 2010.

Waterhouse Project

100% Toro - EL 25047

The project lies in similar geology to the Angela and Pamela deposits (Cameco and Paladin JV). A heritage clearance was requested of the Central Land Council (CLC) in 2007 in order to complete drill traverses along defined roads and tracks. At a meeting held on 23 September 2009, the Traditional Owners declined to enter an agreement or undertake a clearance. A second conference of traditional owners and Toro has been proposed for March 2010.

Western Australia

Lake Mackay

100% Toro - ELs 80/3483, 3484, 3485, 3486, 3519, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588 and 3589; and ELA 80/3837

Toro conducted an extensive drill program including 52 aircore, 2 RC and 1 aircore/diamond hole. Approximately 25% of drill holes failed to penetrate to basement, with the depth to basement, originally estimated to be around 10-30m, confirmed to be an average of 100m and >120m where palaeochannels are present.

All drill assays have been received for the aircore and RC drilling programs. These together with Gamma results from the first 32 aircore holes were detailed in the ASX release (dated 28 October 2009) and the December quarterly report.

Some variation between the gamma results and the assay results has been detected, however the assay results confirm a significant, grass-roots uranium discovery hosted in palaeochannel style sands.

An airborne Tempest EM survey was flown early in December designed to delineate the interpreted palaeochannels intersected in drilling while also covering known structures and lithology to the south of Lake Mackay. Most lines were flown in an east-west orientation to delineate near surface features. A detailed grid of east-west lines was flown over the area containing the anomalous drill holes. Wide spaced north-south lines were also flown to

highlight major structural features in the basement, including facies equivalents of the Brewer Conglomerate that hosts the Angela deposit near Alice Springs. The data is presently being processed and interpreted.

Birrindudu

JV Toro earning 51% from Cameco on ELs 80/3551, 3553, 3554, 3555, 3556, 3557, 3558, 3559 and 3560

The Birrindudu tenement package covers 1760 km² and lies approximately 250km southeast of Halls Creek in northeast WA, adjacent to the NT border. The JV provides Toro, as operator, the opportunity to utilize excellent baseline electromagnetic, radiometric and magnetic datasets collected by Cameco to define drill targets for the dry season 2010.

A field visit and heritage meeting was held with the Kimberley Land Council and Traditional Owners in November “on country”. A heritage clearance for 2010 ground-checking and drilling areas has been scheduled.

Wiluna Regional

EL E53/1181 and E53/1221

Toro purchased two tenements E53/1181 and 1221 from Liberty Resources (LBY) during the quarter (ASX Release 13 Nov 2009). A drilling plan is being developed to evaluate the Firestrike Prospect where previous intersections (ASX, LBY 22 Apr 2008) have been reported.

The carnotite uranium mineralisation is reported to be very similar to Toro’s Centipede deposit that lies 20km to the northwest.

Namibia

90% Toro (through Nova Energy (Namibia) Pty Ltd) - EPL applications 3668, 3669 and 3670, Sixzone 10% (Deep Yellow Limited through Reptile Mineral Resources and Exploration (Proprietary) Limited earning 65%)

Deep Yellow Limited, through Reptile Mineral Resources and Exploration (Proprietary) Limited, has applied for renewals of the three tenements, EPLs (3668, 3669 and 3670) to the Ministry for Minerals and Energy on behalf of Nova Energy (Namibia) Pty Ltd and Sixzone Investments Limited. At the end of the quarter, Reptile was awaiting grant of these tenements.

Drilling managed by Reptile is continuing along the northern boundary of EPL 3668 immediately to the southwest of the Langer Heinrich Mine.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9 for the half year ended 31 December 2009.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'G. Hall', written in a cursive style.

Greg Hall
Managing Director

26 February 2010

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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 31 December 2009, 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
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Adelaide on this 26th day of February 2010

Consolidated Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated	
		31 Dec 2009 \$	31 Dec 2008 \$
Revenue		610,224	387,330
Impairment of non-current assets	7	(2,975,581)	(40,105,885)
Employee benefits expense		(838,259)	(841,082)
Depreciation expense		(75,471)	(81,357)
Finance costs		(2,429)	-
Other expenses	5	(1,027,063)	(724,517)
Loss before income tax expense		(4,308,579)	(41,365,511)
Income tax expense		(299,525)	(124,504)
Loss for the period		(4,608,104)	(41,490,015)
Loss attributable to members of the parent entity		(4,608,104)	(41,490,015)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(3,035)	96,826
Other comprehensive income for the period (net of tax)		(3,035)	96,826
Total comprehensive income for the period		(4,611,139)	(41,393,189)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.67)	(8.15)
Diluted earnings per share		(0.67)	(8.15)

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2009

	Note	Consolidated	
		31 December 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents	6	61,896,330	8,943,650
Trade and other receivables		468,322	211,683
Other current assets		409,451	62,333
TOTAL CURRENT ASSETS		62,774,103	9,217,666
NON-CURRENT ASSETS			
Property, plant and equipment		657,564	486,277
Exploration and evaluation assets	7	69,405,707	67,114,412
TOTAL NON-CURRENT ASSETS		70,063,271	67,600,688
TOTAL ASSETS		132,837,374	76,818,354
CURRENT LIABILITIES			
Trade and other payables		1,136,028	703,643
Short-term borrowings		44,760	36,635
Short-term provisions		120,345	119,893
TOTAL CURRENT LIABILITIES		1,301,133	860,172
NON-CURRENT LIABILITIES			
Long-term borrowings		7,126	24,532
Long-term provisions		44,034	29,864
TOTAL NON-CURRENT LIABILITIES		51,160	54,396
TOTAL LIABILITIES		1,352,293	914,568
NET ASSETS		131,485,081	75,903,786
EQUITY			
Issued Capital	8	211,564,889	151,471,044
Retained earnings		(81,457,524)	(76,849,420)
Reserves		1,377,716	1,282,162
TOTAL EQUITY		131,485,081	75,903,786

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated					
	Note	Share Capital Ordinary \$	Retained Earnings \$	Share Option Reserve \$	Foreign Currency Translation Reserve \$	Total \$
Balance at 1 July 2008		139,561,875	(7,133,298)	823,595	-	133,252,172
Total comprehensive income for the period		-	(41,490,015)	-	96,826	(41,393,189)
Rights issue		12,217,456	-	-	-	12,217,456
Costs of rights issue (net of tax)		(290,510)	-	-	-	(290,510)
Employee share options		-	-	212,378	-	212,378
Balance at 31 December 2008		151,488,821	(48,623,313)	1,035,973	96,826	103,998,307
Balance at 1 July 2009		151,471,044	(76,849,420)	1,169,013	113,149	75,903,785
Total comprehensive income for the period		-	(4,608,104)	-	(3,035)	(4,611,139)
Capital placement & share purchase plan		60,626,678	-	-	-	60,626,678
Cost of capital placement & share purchase plan (net of tax)		(1,532,833)	-	-	-	(1,532,833)
Share based payment - Liberty Resources Ltd		1,000,000	-	-	-	1,000,000
Employee share options		-	-	98,589	-	98,589
Balance at 31 December 2009		211,564,889	(81,457,524)	1,267,602	110,114	131,485,081

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31 Dec 2009	31 Dec 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,711,798)	(1,352,928)
Finance costs	(2,429)	(2,749)
Interest received	272,544	736,572
NET CASH USED IN OPERATING ACTIVITIES	(1,441,683)	(619,105)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(246,759)	(22,674)
Payments of Stamp Duty (Nova Acquisition)	-	(7,997,990)
Research & development tax concession refund	334,854	-
Payments for exploration activities	(4,153,198)	(4,111,081)
NET CASH USED IN INVESTING ACTIVITIES	(4,065,103)	(12,131,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	60,626,678	12,217,456
Transaction costs of issue of shares	(2,167,212)	(316,329)
NET CASH PROVIDED BY FINANCING ACTIVITIES	58,459,466	11,901,127
Net increase/(decrease) in cash and cash equivalents	52,952,680	(849,723)
Cash at the beginning of the period	8,943,650	13,385,822
CASH AT THE END OF THE PERIOD	61,896,330	12,536,099

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

For the half year ended 31 December 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Toro Energy Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Notes to the Financial Statements

For the half year ended 31 December 2009

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

As a result of the adoption of the revised AASB 8, certain cash generating units have been redefined having regard to the requirements in AASB 136: Impairment of Assets.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2009.

In the half-year ended 31 December 2009, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to profit or loss. As a result of this review, management has determined that \$2,975,581 be written off due to relinquishments of title.

2. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8 with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risk rewards approach, with the entity's 'system of internal financial reporting to 'key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

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

- Evaluation;
- Exploration;
- Corporate & Administration.

Notes to the Financial Statements

For the half year ended 31 December 2009

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Continuing Operations *			Consolidated
	Evaluation	Exploration	Corporate & Administration	Revenue & loss for the period
31-Dec-2008	\$	\$	\$	\$
Segment Revenue	-	-	387,330	387,330
Segment Result before tax	(57,287)	(40,153,469)	(1,154,755)	(41,365,511)
Income tax expense	-	-	(124,504)	(124,504)
Segment loss for the period	(57,287)	(40,153,469)	(1,279,259)	(41,490,015)
31-Dec-2009				
Segment Revenue	-	-	610,224	610,224
Segment Result before tax	(24,718)	(2,999,184)	(1,284,677)	(4,308,579)
Income tax expense	-	-	(299,525)	(299,525)
Segment loss for the period	(24,718)	(2,999,184)	(1,584,202)	(4,608,104)

* No discontinued operations for the period

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 Group's assets by reportable operating segment:

	Continuing Operations			Consolidated
	Evaluation	Exploration	Corporate & Administration	Total Assets
	\$	\$	\$	\$
30-Jun-2009	36,616,569	30,854,482	9,347,303	76,818,354
31-Dec-2009	39,062,154	30,704,380	63,070,840	132,837,374

3. CONTINGENT LIABILITIES

The Group is not aware of any contingent asset or liability that should be disclosed in accordance with AASB 137.

4. EVENTS SUBSEQUENT TO REPORTING DATE

There has been no material event subsequent to the half year ended 31 December 2009.

Notes to the Financial Statements

For the half year ended 31 December 2009

5. OTHER EXPENSES

	Consolidated	
	As at	As at
	31 Dec 09	31 Dec 08
	\$	\$
Audit/Accounting Fees	61,216	43,554
ASX/ASIC Compliance Fees	108,999	49,767
Consultants	125,204	48,125
Legal Fees	70,078	54,814
Share Registry Fees	125,459	108,455
Travel & Accommodation	35,526	46,138
Office & Warehouse Rentals	73,308	51,231
AGM Report & Meeting Expenses	134,815	55,883
IT & Communications	40,427	38,090
Professional & Industry Memberships	51,000	38,090
Marketing, Conferences & Sponsorship	91,160	60,192
Other Expenses	109,871	130,178
	1,027,063	724,517

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	As at	As at
	31 Dec 09	30 Jun 09
	\$	\$
Cash at bank and in hand	1,960,129	61,332
Term deposits	59,936,201	8,882,318
	61,896,330	8,943,650

7. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	As at	As at
	31 Dec 09	30 Jun 09
	\$	\$
Balance at beginning of financial year	67,114,412	128,193,923
Expenditure during the half-year	4,266,876	5,985,273
Acquisition through share issue ⁽¹⁾	1,000,000	-
Exploration expenditure written off ⁽²⁾	(2,975,581)	(67,064,784)
Balance at end of period	69,405,707	67,114,412

(1) On 19 November 2009, 5.0 million ordinary shares were issued to Liberty Resources Ltd.

(2) Written off as a result of relinquishments of title.

Notes to the Financial Statements

For the half year ended 31 December 2009

8. ISSUED CAPITAL

	Consolidated	
	As at 31 Dec 09 \$	As at 30 Jun 09 \$
Fully paid ordinary shares	211,564,889	151,471,044
Reconciliation:	Consolidated Half year ended 31 Dec 09	
Ordinary shares	\$	
Balance at beginning of financial year	151,471,044	
Placement & share purchase plan	60,626,678	
Cost of placement & share purchase plan (net of tax)	(1,532,833)	
Issue to Liberty Resources Ltd	1,000,000	
Balance at end of the half year	211,564,889	
	Parent Half year ended 31 Dec 09	
Ordinary shares	No.	
Number at beginning of financial year	555,757,795	
Share Placements:		
Tranche 1 - 23 September 2009	83,363,669	
Tranche 2 - 2 November 2009	182,836,797	
Issue to Liberty Resources Ltd	5,000,000	
Share Purchase Plan	137,978,415	
Number of shares at end of half year	964,936,676	

9. SHARE BASED PAYMENTS

During the period tenements E53/1181 and E53/1221 were purchased via a share based payment of 5,000,000 shares at an issue price of \$0.20 for a total value of \$1,000,000.

In addition the following grants were made to key management personnel:

Grant date	Number of Instruments	Vesting conditions	Contractual life of options
9 November 2009*	1,000,000	Vest 20 March 2010	5 Years

* Issue date subsequent to shareholder approval (Grant date 20 March 2009)

Fair value at grant date	\$0.041
Share Price	\$0.160
Exercise price	\$0.250
Expected volatility	40.0%
Risk-free interest rate	5.4%

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 16 are in accordance with the Corporations Act 2001, including;
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and the performance for the half-year ended on that date; and
 - b. complying with Accounting Standard AASB 134: Interim Financial Reporting;
2. In the Directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Greg Hall
Managing Director

26 February 2010

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W www.granthornton.com.au

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

We have reviewed the accompanying half-year financial report of Toro Energy Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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

Auditor's responsibility Cont

As the auditor of Toro Energy Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report. A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Toro Energy Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Adelaide on this 26th day of February 2010