

Toro Energy Ltd

ABN 48 117 127 590

Half Year Report

for the half year ended 31 December 2010

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Directors' Report

The directors of Toro Energy Ltd submit their report for the half-year ended 31 December 2010.

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 Andrew Coles	Non Exec. Director
Mr Jeff Sells	Non Exec. Director (Retired 2 August 2010)

Company Secretary
Donald Stephens

REVIEW OF OPERATIONS

CORPORATE

Toro continued its uranium consolidation strategy in the Wiluna district with the completion of the agreement to purchase the Dawson-Hinkler Well project from U3O8 Ltd, adding around 6mlbs uranium resource at Wiluna.

Toro finalised the purchase of tenement titles, pastoral leases and other assets at Wiluna from Minerals and Metals Group (MMG), providing full land tenure security to the development of the Wiluna Project.

As a follow-up to Toro's consolidation activities in 2010 Toro and MPI Nickel Pty Ltd ("MPI", a subsidiary of Norilsk Nickel Australia Pty Ltd) executed a Letter of Intent in February 2011 for Toro to purchase three mining tenements that cover a uranium mineralised zone called Millipede which borders Toro's Centipede deposit. Based on historical drilling data Toro has an exploration target for the three tenements covering Millipede in the range of 4 - 5 Mlb U₃O₈ (1,800t-2,300t) at a grade similar to the Centipede and Lake Way deposits (0.04%-0.06% or 400-600ppm).

Additional tenement applications were made over a significant area of ground containing uranium potential to the west of the Dawson-Hinkler Well project and contained within the same uranium mineralised channel. These new tenements are referred to as the Albion Downs project.

The uranium spot price has moved from US\$41/lb at the end of June 2010 to US\$68.50/lb at the time of printing. The long term price has moved from US\$60 at the end of June 2010 to US\$73/lb at the time of printing. The increasing short term demand coupled with continuing supply uncertainty is supporting the continued upwards price movement.

Commitments to new nuclear power stations globally continue. China is hinting at increasing its planned 70GWe new reactor build plan to as high as 112GWe.

Further meetings were held with potential nuclear power utility customers at a time when an increasing number of nuclear utilities are back in the market with Requests for Proposals for uranium supply anywhere from 2014 to 2020. This is the timeframe that Toro Energy is seeking sales agreements for its uranium production.

Toro Energy attended and presented at the World Nuclear Association (WNA) annual seminar in London on future uranium supply, in particular updating on Australian uranium projects.

At the close of December 2010 the Company held cash and net receivables of A\$36.1 million.

PROJECT EVALUATION

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

The Environmental Scoping Document was approved by the Western Australian EPA. The Environmental Scoping Document (ESD) provided the guidelines for the preparation of the Environmental Review and Management Program (ERMP). Work on the ERMP is well progressed with a first draft submission to government due by the close of February 2011.

The Resource Test Pit was completed and successfully demonstrated the proposed mining and grade control method, ground water management systems and provided additional mineralised samples. Initial test pit rehabilitation has been completed and inspected by the WA EPA Board. Final rehabilitation will be undertaken following the return of the pit material from the bench and pilot test work.

Other progress on the Wiluna project included:

- An infill drilling program undertaken on the Centipede and Centipede West tenements with results to be incorporated into an updated resource in Q3 of 2010/11;
- Bench-scale testing for the agitated leach process progressed and due for completion in Q3 of 2010/11.
- Pilot Plant designed and scheduled for build and test in Q3/Q4 of 2010/11 with the results providing final parameters for the Feasibility Study;
- Significant environmental studies including flora and fauna, ground and surface water and soil investigations have been completed;
- Traditional Owners completed an extensive ethnographic survey to assist the preparation of a Cultural Heritage Management Plan.

During the half year, Toro hosted a site visit for approximately forty Traditional Owners to enable them to see work underway on the Resource Test Pit. Toro also arranged a second meeting between the Traditional Owners and an independent expert on radiation issues.

The indigenous training and employment program continued in association with work on the Resource Test Pit, with two trainees and a mentor employed.

Information supporting the resource and exploration target statements is provided below:

Millipede Project: Exploration Target Estimate

Tonnes Mt	Grade %	Grade ppm	Contained Uranium t	Contained Uranium Mlb
4-6	0.04-0.06	350-550	1,800-2,300	4 – 5

NOTE: The total potential tonnage and grade is conceptual in nature, and Toro needs to determine whether there has been sufficient exploration to define a Mineral Resource, and while Toro has confidence in this target statement, it is uncertain if this work will result in the determination of a Mineral Resource.*

Wiluna District Resources – Prepared in Accordance with the JORC Code

Project Name	Category	Resource Tonnes	Grade U ₃ O ₈	Contained U ₃ O ₈ , tonnes	Contained U ₃ O ₈ , Mlb
Centipede	Measured	0.3	588	177	0.39
Centipede	Indicated	7.68	619	4,754	10.48
Centipede	Inferred	1.69	251	424	0.94
Lake Way	Inferred	10.53	543	5,714	12.60
Total Wiluna Project		20.21	548	11,070	24.40
Dawson-Hinkler Well	Inferred	9.50	293	2,800	6.20
Total		29.71	467	13,870	30.60

Prepared at a 200ppm U3O8 cut-off grade

Information in this report is based on information compiled by Mr Craig Gwatkin who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Gwatkin is a full-time employee of Toro, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gwatkin consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Dawson-Hinkler Well Project is based on information compiled by S. Mann MAusIMM, S. Gatehouse MAIG and A. van der Heyden MAusIMM. Messrs Mann, Gatehouse and van der Heyden have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mann is a full-time employee of U3O8 Limited. Messrs Gatehouse and van der Heyden are employees of Hellman & Schofield Pty Ltd. Each of the above named consents to the inclusion of the information in this announcement in the form and context in which it appears.

The information in this report that relates to Mineral Resources, other than for the Dawson-Hinkler Well Project, is based on information compiled by Mr Daniel Guibal who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Guibal is a fulltime employee of SRK Consulting and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guibal consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

NAPPERBY URANIUM PROJECT (NT)

The final inspection by the NT Department of Resources was completed in early November. Toro has received the final sign-off for the rehabilitation work completed.

EXPLORATION

The Australian and Namibian exploration licenses and applications held by Toro, or subject to uranium access and joint venture rights, as at 31 December 2010 are shown in the table below:

Tenure Area Stats (km2)	31/12/2010		Comment
	Granted	Application	
South Australia	5,830		Uranium rights agreement
Northern Territory	9,261	19,240	
Western Australia	5,497	403	Includes Wiluna project
Namibia	1,323		25% interest (Deep Yellow JV)
TOTAL	21,911	19,643	

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 Exploration Ltd

Toro continues to review OZ Minerals exploration information provided for these tenements under the uranium access agreement.

Roxby Acropolis Project

Minotaur Uranium Access Agreement -ELs 3761 and 3762

Based on recent drill results Toro will discontinue any further exploration of this ground and intends dropping its interest in these tenements.

Northern Territory

Reynolds Range Project

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

In July 2010, Toro Energy conducted a SkyTEM airborne electromagnetic (AEM) survey over EL27138. Indications of palaeochannels are evident in the shallow EM data. Further interpretation integrating Aster and Shuttle radar topography mission (SRTM) data was used to assist drill targeting.

An aircore drilling program, over granted parts of the Reynolds Range project area was completed. A total of 39 aircore holes were completed for 3,501m.

Toro discovered distinctive redox interfaces and moderate uranium mineralisation in Tertiary unconsolidated sands and clays in the NE corner of Toro's Mt Denison tenements.

Heavy rainfall disrupted the drilling program and completion of the program is now planned for Q4 2010/11.

Sandover Project

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

Based on recent drill results Toro will discontinue any further exploration of this ground and intends dropping its interest in these tenements.

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

Reconnaissance aircore drilling completed 120 aircore holes for 10,634m. Mud rotary drilling was also trialed along one reconnaissance line with eight holes drilled for 863m.

Anomalous results from two holes located 10km and 12km respectively to the south of the Theseus Prospect continue to demonstrate the extensive nature of the uranium system at Lake Mackay.

Unfortunately wet and boggy conditions on the access road for the Theseus Prospect delayed the planned follow up drilling for 2010. With the apparent early on-set of significant rains in this area, Toro has decided to complete detailed drilling at this prospect in Q4 of 2010/11.

Rehabilitation of the 2010 aircore and mud rotary program was completed on 1 December 2010.

Further details on the results of the drill program and the completed gravity data survey are provided in the September 2010 and December 2010 quarterly ASX releases.

Birrindudu

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

Toro undertook Reverse Circulation (RC) drilling of unconformity targets in the eastern and central parts of the project area with encouraging results from two drill holes at the Ventura Prospect.

RC drilling at Ringer Soak was only partially completed due to start of the wet season rains.

Toro has advised Cameco that it has completed the Earn-In expenditure of \$1m.

Further details on the results of the drill program and the completed gravity data survey are provided in the September 2010 and December 2010 quarterly ASX releases.

Namibia

25% 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 65%

Toro Energy Limited received formal notification that Deep Yellow Limited, through its wholly owned subsidiary Reptile Mineral Resources Exploration Pty Ltd, had expended a total of A\$3.5m, completing Deep Yellow's earn-in commitments under the JV agreement. Its right to a transfer of 65% ownership of Toro's Namibian subsidiary Nova Energy (Namibia) (Pty) Ltd was executed and finalised in December 2010. Toro retains 25% of the company.

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 2010.

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

On behalf of the Directors



Greg Hall
Managing Director

24 February 2011

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF TORO ENERGY LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Toro Energy Ltd for the half-year ended 31 December 2010, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J L Humphrey
Partner

Adelaide, 24 February 2011

Consolidated Statement of Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	31 Dec 2010 \$	31 Dec 2009 \$
Other Income		1,487,872	610,224
Impairment of non-current assets	8	(4,790,275)	(2,975,581)
Employee benefits expense		(619,084)	(838,259)
Depreciation expense		(158,204)	(75,471)
Finance costs		(717)	(2,429)
Other expenses	5	(968,652)	(1,027,063)
Loss before income tax expense		(5,049,060)	(4,308,579)
Income tax expense		-	(299,525)
Loss for the period		(5,049,060)	(4,608,104)
Loss attributable to members of the parent entity		(5,049,060)	(4,608,104)
Other comprehensive loss			
Exchange differences arising on translation of foreign operations		(111,899)	(3,035)
Other comprehensive income for the period (net of tax)		(111,899)	(3,035)
Total comprehensive loss for the period		(5,160,959)	(4,611,139)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share		(0.52)	(0.67)
Diluted earnings per share		(0.52)	(0.67)

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2010

	Note	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	6	35,356,164	54,511,443
Trade and other receivables		750,202	495,892
Other current assets		890,189	1,264,330
TOTAL CURRENT ASSETS		36,996,555	56,271,665
NON-CURRENT ASSETS			
Investments in associates	7	1,109,255	-
Property, plant and equipment		2,820,760	1,137,744
Exploration and evaluation assets	8	75,909,091	64,535,810
TOTAL NON-CURRENT ASSETS		79,839,106	65,673,554
TOTAL ASSETS		116,835,661	121,945,219
CURRENT LIABILITIES			
Trade and other payables		1,564,298	1,493,413
Short-term borrowings		7,126	38,437
Short-term provisions		176,348	186,421
TOTAL CURRENT LIABILITIES		1,747,772	1,718,271
NON-CURRENT LIABILITIES			
Long-term provisions		87,551	65,958
TOTAL NON-CURRENT LIABILITIES		87,551	65,958
TOTAL LIABILITIES		1,835,323	1,784,229
NET ASSETS		115,000,338	120,160,990
EQUITY			
Issued Capital	9	211,564,891	211,564,891
Accumulated losses		(98,508,739)	(93,459,679)
Reserves		1,944,186	2,056,085
Equity attributable to owners of the Company		115,000,338	120,161,297
Non-controlling interests		-	(307)
TOTAL EQUITY		115,000,338	120,160,990

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Note	Issued Capital \$	Employee share option reserve \$	Foreign Currency Translation Reserve \$	Accumulated losses \$	Attributable to owners of the parent \$	Non-controlling interests	Total \$
Balance at 1 July 2009		151,471,044	1,169,013	113,149	(76,849,420)	75,903,786	-	75,903,786
Total comprehensive income for the period		-	-	(3,035)	(4,608,104)	(4,611,139)	-	(4,611,139)
Capital placement & share purchase plan		60,626,678	-	-	-	60,626,678	-	60,626,678
Cost of capital placement & share purchase plan (net of tax)		(1,532,833)	-	-	-	(1,532,833)	-	(1,532,833)
Share based payment - Liberty Resources Ltd		1,000,000	-	-	-	1,000,000	-	1,000,000
Employee share options		-	98,589	-	-	98,589	-	98,589
Balance at 31 December 2009		211,564,889	1,267,602	110,114	(81,457,524)	131,485,081	-	131,485,081
Balance at 1 July 2010		211,564,891	1,944,186	111,899	(93,459,679)	120,161,297	(307)	120,160,990
Total comprehensive income for the period		-	-	(111,899)	(5,049,060)	(5,160,959)	307	(5,160,652)
Balance at 31 December 2010		211,564,891	1,944,186	-	(98,508,739)	115,000,338	-	115,000,338

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	31 Dec 2010 \$	31 Dec 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,635,253)	(1,711,798)
Finance costs	(716)	(2,429)
Interest received	1,854,445	272,544
NET CASH (USED IN) OPERATING ACTIVITIES	218,476	(1,441,683)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	15,000	-
Purchase of property, plant and equipment	(1,841,220)	(246,759)
Purchase of exploration and evaluation tenements	(7,300,000)	-
Payments of Stamp Duty	(447,149)	-
Research & development tax concession refund	-	334,854
Payments for exploration and evaluation activities	(9,800,386)	(4,153,198)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(19,373,755)	(4,065,103)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	60,626,678
Transaction costs of issue of shares	-	(2,167,212)
NET CASH (USED IN) FINANCING ACTIVITIES	-	58,459,466
Net increase/(decrease) in cash and cash equivalents	(19,155,279)	52,952,680
Cash at the beginning of the period	54,511,443	8,943,650
CASH AT THE END OF THE PERIOD	35,356,164	61,896,330

The accompanying notes form part of the financial statements.

Notes to the Financial Statements – December 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 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 2010, 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.

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 2010.

In the half-year ended 31 December 2010, 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 continued to be capitalised under AASB 6 or written off to profit or loss. As a result of this review, management has determined that \$4,790,275 be written off as a result of actual or intended relinquishments of title.

Notes to the Financial Statements – December 2010

2. SEGMENT INFORMATION

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.

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

- Project Evaluation;
- Exploration;
- Corporate & Administration.

Information regarding these segments is presented below.

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 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)
31 Dec 2010				
Segment Revenue	-	-	1,487,872	1,487,872
Segment result before tax	(68,521)	(4,836,463)	(144,076)	(5,049,060)
Income tax expense	-	-	-	-
Segment loss for the period	(68,521)	(4,836,463)	(144,076)	(5,049,060)

The revenue reported above represents revenue generated from external customers.

There were no intersegment sales during the period or discontinued operations.

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 2010	30,506,076	34,863,759	56,575,384	121,945,219
31 Dec 2010	47,772,274	30,651,519	38,411,868	116,835,661

3. CONTINGENT LIABILITIES

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

Notes to the Financial Statements – December 2010

4. EVENTS SUBSEQUENT TO REPORTING DATE

On 17 February 2011 Toro and MPI Nickel Pty Ltd (“MPI”, a subsidiary of Norilsk Nickel Australia Pty Ltd) announced a Letter of Intent for Toro to purchase three mining tenements that cover a uranium mineralised zone called Millipede which borders Toro’s Centipede deposit.

Consideration for the tenements includes a \$4.5 million cash payment to MPI payable on completion of the transaction and a 2% Net Smelter Return (NSR) style royalty in favour of MPI on production in excess of 4.5 Mlb U₃O₈ from the tenements.

5. OTHER EXPENSES

	Consolidated	
	As at 31 Dec 10 \$	As at 31 Dec 09 \$
Audit/Accounting Fees	58,531	61,216
ASX/ASIC Compliance Fees	37,865	108,999
Consultants	125,125	125,204
Legal Fees	149,804	70,078
Share Registry Fees	70,085	125,459
Travel & Accommodation	128,540	35,526
Office & Warehouse Rentals	70,617	73,308
AGM Report & Meeting Expenses	46,712	134,815
IT & Communications	35,650	40,427
Professional & Industry Memberships	51,560	51,000
Marketing, Conferences & Sponsorship	71,247	91,160
Other Expenses	122,916	109,871
	968,652	1,027,063

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	As at 31 Dec 10 \$	As at 30 Jun 10 \$
Cash at bank and in hand	262,698	2,776,097
Term deposits	35,093,466	51,735,346
	35,356,164	54,511,443

Notes to the Financial Statements – December 2010

7. DISPOSAL OF SUBSIDIARY

On the 31 December 2010, the Group lost control of Nova Energy Namibia Pty Ltd, previously a subsidiary. Aggregate details of this transaction are:

	As at 31 Dec 10 \$
Disposal Price	_____
Cash consideration ¹	_____ -
Assets and liabilities held at disposal date:	
Cash	2,838
Exploration and evaluation assets	4,704,457
Loans & Minority Equity Interest	(3,619,869)
	_____ 1,087,426
Carried as an Investment in Associate	1,109,255
Gain on disposal	_____ 21,829

1. Deep Yellow spent \$3.5m on Nova Namibia Pty Ltd exploration tenements to earn-in to 65% of subsidiary

8. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	As at 31 Dec 10 \$	As at 30 Jun 10 \$
Balance at beginning of financial year	64,535,810	67,114,412
Expenditure during the half-year	10,045,023	10,372,109
Acquisition through share issue	-	1,000,000
Cash acquisition - MMG Tenements ⁽¹⁾	1,100,000	-
Cash acquisition - Dawson & Hinkler ⁽²⁾	6,200,000	-
Impairment of exploration expenditure ⁽³⁾	(4,790,275)	(13,950,711)
Nova Energy Namibia - JV Dilution	(1,181,467)	-
Balance at end of period	_____ 75,909,091	_____ 64,535,810

(1) Value attributed to transferring Wiluna tenement titles from Minerals and Metals Group (MMG) to Toro.

(2) Cash purchase price for the Dawson and Hinkler tenements from U3O8 Ltd.

(3) Written off as a result of actual or intended relinquishments of title.

Notes to the Financial Statements – December 2010

9. ISSUED CAPITAL

	Consolidated	
	As at 31 Dec 10 \$	As at 30 Jun 10 \$
Fully paid ordinary shares	211,564,891	211,564,891
Reconciliation:	Consolidated	
	Half year ended	
	31 Dec 10	
	\$	
Ordinary shares		
Balance at beginning of financial year	211,564,891	
Balance at end of the half year	211,564,891	
	Parent	
	Half year ended	
	31 Dec 10	
	No.	
Ordinary shares		
Number at beginning of financial year	964,936,676	
Number of shares at end of half year	964,936,676	

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 18 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 2010 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

24 February 2011

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

We have reviewed the accompanying half-year financial report of Toro Energy Ltd (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2010, 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 a Financial Report 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 2010 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. As the auditor of Toro Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 Ltd 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 2010 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants



J.L. Humphrey
Partner

Adelaide, 24 February 2011