TORO ENERGY LIMITED

annual report 2009

Nuclear power is emerging as a significant contributor in the reduction of greenhouse gas emissions

corporate directory

Directors
Ms Erica Smyth (Chair)
Mr Greg Hall (Managing Director)
Mr Derek Carter
Mr Peter Lester
Mr Jeff Sells
Mr John Nitschke

Company Secretary
Mr Donald Stephens

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Auditor
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Securities Exchange Listing
Toro Energy Limited shares are listed on the Australian Securities Exchange Limited (ASX Code: TOE)
91 King William Street Adelaide SA 5000

This financial report covers both Toro Energy Ltd (ABN 48 117 127 590) as an individual entity and the consolidated entity comprising Toro Energy Ltd and its subsidiaries. The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report.

ASX Code: TOE
www.toroenergy.com.au

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Company Overview

High Level History

- *Toro Energy ASX Listing March 2006*
- *Napperby Option Agreement with Deep Yellow July 2007*
- *Nova Energy merger, December 2007*
- *Wiluna Prefeasibility Study completed September 2008*
- *Rights Issue raises $12.2m October 2008*

Capital Structure

- *555.75m issued shares*
- *15.24m unlisted options*
- *Market cap. ~A$111m@A$0.20/share (~US$89m)*
- *Cash as at 30 June 2009 : A$9m*

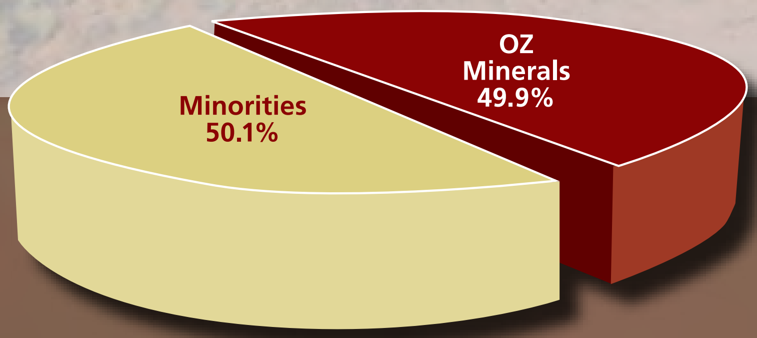


Figure 1-01 : Toro Shareholding

Strategy & Objectives

Strategy Statement:

To become a significant sustainable uranium explorer, developer and producer, and to build shareholder value through:

- *evaluation and advancement of its major projects towards production;*
- *exploration and assessment of its extensive tenement portfolio; and*
- *negotiation and execution of value-additive corporate and project acquisitions*

Specific Value Drivers:

- *expansion of JORC resource base across regions;*
- *commitment to approval process and bankable feasibility study at Wiluna;*
- *uranium demand continues as new production is delayed;*
- *greenfields discovery in new project area;*
- *consolidation in the small to medium project range.*

"With the continued uranium shortage being predicted from supply / demand fundamentals, as evidenced by the stable long term price, Toro Energy believes the best value it can provide its shareholders is to have sustainable uranium production and uranium available for sale into the market from 2012 onwards."

"Toro Energy believes a strategy to become an Australian uranium producer with multiple sources of supply in various Australian jurisdictions is one which the broader global nuclear utility industry will strongly support."

Greg Hall, Managing Director
Toro Energy Limited
July 2009

1 / Chair's Report

Toro Energy shareholders

I am pleased to provide to you my first report as Chair. The past year's activities of Toro Energy Limited ("Toro Energy") have produced some significant highlights in a difficult market. The period has been one of equities market and business turmoil both domestically and globally. I believe there are now welcoming signs that some of the economic pressure points are responding to government and private sector stimuli and rescue packages.

Within this extraordinary environment, I am pleased to report that Toro Energy has maintained the momentum needed to achieve its strategic objectives, being: advancement of our uranium resource projects towards production; exploration of our targeted uranium tenement portfolio; and evaluation of value-adding strategic corporate and uranium project acquisitions.

I am pleased to provide to you my first report as Chair. The past year's activities of Toro Energy Limited have produced some significant highlights in a difficult market

The global uranium market has continued to maintain long-term demand strength.

China announced it is doubling its future nuclear power target from 40GW to 86GW capacity. In the European Union, both Sweden and Italy have reversed their previous policies to a pro-nuclear stance, and other European countries are reviewing their policies. Additional applications were made in the USA for new nuclear builds.

While this growth is predominantly from countries with existing nuclear power programs (31 countries), there are 60 additional countries now considering nuclear power as a long-term base load supplier of electricity.

During the second half of 2008, the financial impacts of the general equities market downturn impacted Toro Energy as it did many small exploration and development companies, with the share prices of most uranium exploration companies dropping around 60%.

Of significant importance to the Company this year was the change in Government in Western Australia in September 2008. The Liberal Government has quickly changed that State's uranium mining policy to encourage a modern, environmentally sound and community-engaged uranium industry to develop. This transition enabled Toro Energy to re-focus its active work into evaluating and developing our Lake Way and Centipede deposits located in WA.

The Federal Government also indicated its willingness to support a modern uranium mining industry, with approval granted for the Beverley Mine expansion and, post June 2009, a new uranium mine approved at Four Mile in South Australia. Buoyed by this political encouragement, Toro Energy focussed during the year on advancing our Wiluna Project based around Lake Way in WA.

Along with this, a scoping study was carried out over the Napperby deposit in the Northern Territory. At the time of writing, the results of the study and possible ways forward are still being evaluated.

Toro Energy undertook initial on-ground exploration work at the Lake Mackay Project in far northeast Western Australia. This area has significant prospectivity and Toro Energy has become one of the first companies to receive WA Government Exploration Initiative Scheme drilling co-funding for this project. Our first drilling is expected to commence late in September 2009.

A review of African exploration interests saw Toro Energy retain and enhance its Namibian exploration tenements through a significant joint venture with Deep Yellow Ltd's Namibian subsidiary and a local Namibian company.

A major deal with the China Minmetals group for sale of selected assets saw our major shareholder, OZ Minerals, retain the Prominent Hill mine in SA and its listed holdings, including Toro Energy. OZ Minerals reduced its shareholding slightly to 49% in line with its objectives, and re-stated it remains a supporter of Toro Energy's growth and future production plans.

The expansion of nuclear power globally and the changes in Government policy towards uranium mining in Australia has elevated the intensity and frequency of debate in Australia regarding domestic nuclear power. Toro Energy encourages such debate, and considers that all energy options for future use within Australia should be discussed, with ultimate decisions based on a broad knowledge and understanding, and public and political support.

Within this extraordinary environment, I am pleased to report that Toro Energy has maintained the momentum needed to achieve its strategic objectives

On 30 April this year, Toro Energy's founding Chair, Dr Ian Gould, resigned his position, due to an increasing workload in his role as Chancellor of the University of South Australia. On behalf of the Toro Energy Board and staff I acknowledge and thank Dr Gould for his leadership and support through the formative years of the Company. Due to the changes in OZ Minerals and the formation of the Minmetals-owned MMG Group, the Board also accepted the resignation of Mr Mick Myers and thanked him for his supportive work. Mr John Nitschke, Executive General Manager, Projects and Technical for OZ Minerals, has been welcomed to the Toro Energy Board. I take this opportunity to particularly thank the Board for its diligent and professional work through the year.

I also thank Toro Energy's team of employees, consultants and contractors, led by Managing Director, Mr Greg Hall, for their commitment and enthusiasm in achieving our progress this year. They have exhibited a willingness and flexibility of approach as targets and priorities changed. Going forward this team will continue to deliver with this same approach as we move into the critical phase of project development leading into uranium production.

Erica Smyth *Chair*

2 / Managing Director's Report

I am very pleased to report to Shareholders that during the 2008 / 2009 financial year Toro Energy Limited ("Toro Energy") continued to advance its uranium resource projects at Wiluna in Western Australia and Napperby in the Northern Territory, along with exploration in South Australia, WA, NT and Namibia in Africa. We are moving rapidly along the path of our strategy to advance these projects towards production, explore our priority exploration tenements and evaluate opportunity for further project acquisitions.

Although the financial markets created some difficult conditions, the rights issue capital raising that Toro Energy undertook during October 2008 added A$12.2m to the Company, thanks to Toro Energy's major shareholder OZ Minerals taking up their full rights. This allowed us to continue our project development and exploration work right through the worst economic slump period, and as a result, subsequent to year end, your Company was able to announce the significant improvement in economics from the Optimisation Study outcomes over the Wiluna Project.

The long-term uranium price moved from US$75 per lb U_3O_8 in October 2008 to US$65 per lb U_3O_8 in June 2009 - and is remaining stable. Uranium demand continues to be driven by existing nuclear reactor requirements being contracted well into the future, now combined with new demand for first cores from new reactor construction. The number of new nuclear power plants under construction increased from 34 in June 2008 to 47 now, a 38% increase. Similarly, the number of reactors definitively planned has increased 43% from 93 to 133 over the same period.

Planned global production of U_3O_8 for the 2008 calendar year was 124 million pounds. Actual production was in the order of 115 million pounds – a 7.2% shortfall. We indicated in last year's report that the timing and costs of bringing in new production were being severely underestimated by the market and some companies. This has been borne out by cancellation and delays in uranium expansion and new mine projects, resulting now in a potential shortfall of uranium in the period from 2013 onwards.

At recent uranium and nuclear conferences this looming shortfall has been highlighted by industry reporters, and is significantly changed from only a year ago when potential future mine start-ups were a much bigger list. Five significant uranium mine projects have been stalled over the year, resulting in around 24,000 t U_3O_8 (50 mlbs) annual production being cancelled or deferred to late in the next decade at the earliest. This bodes well for the new Australian uranium projects currently under development or evaluation. Toro Energy believes that a long term uranium price in the region of US$75 reflects the incentive pricing needed for new production to be committed.

Toro Energy is proud to be part of a new modern uranium industry being developed in Western Australia, and is actively involved in political and community consultation, public forums and presentations to ensure the industry is well understood. We wish to ensure that people have the ability to learn the reality of the uranium mining industry and the global nuclear power generation business of which they are a part. We commend the WA Government for their foresight and willingness to support the growth of a safe, well managed industry. The Company, both directly and along with its peer companies through the Australian Uranium Association and the various mining associations and chambers, is actively engaged in providing up-to-date and accurate information about the industry.

Toro Energy has always ensured that evaluation of our projects, and our plans and costs of achieving production in the medium term are realistic and feasible, and in line with our technical knowledge. The Company completed and announced the positive economic results of its Pre-Feasibility Study into the Wiluna Project (incorporating the Lake Way and Centipede deposits) in September 2008, and immediately commenced consultation with WA and Federal Government departments regarding the approvals process. We are engaging and communicating with local native title claimants and the broader local community regarding the project.

A resource and technical optimisation study over the Wiluna Project was completed subsequent to year end, with project economics improved beyond levels targeted. This will allow the Toro Energy Board to make decisions on formal project approvals and commencement of the full feasibility and engineering design study later this year.

A new resource estimate that doubled the size of the Napperby Uranium Project resource, near Alice Springs NT, was released in February this year. Scoping Study work on the project has been compiled and a review of project size and process route options is underway. Local and business community meetings were held at Napperby and Alice Springs regarding ongoing resource drilling and future plans. Based on economic outcomes and future funding, Toro Energy will continue to evaluate ways forward for this project. The Company has an option to purchase the Napperby project with Deep Yellow Ltd.

During the year Toro Energy commenced on-ground work at its very promising Lake Mackay uranium exploration project on the WA / NT border. After completion of heritage surveys, new airborne magnetic and radiometric surveys were undertaken, along with field mapping and soil sampling. Targets for drilling have been confirmed, and Toro Energy was successful in obtaining a $75,000 drilling support grant under the WA Government exploration support scheme.

Following a review of its African exploration assets, Toro Energy withdrew its interest in its Morocco exploration rights, and relinquished its uranium exploration tenement holdings in Guinea. A joint venture (JV) was established with Deep Yellow's Namibian subsidiary, Reptile, over Toro Energy's majority owned and very prospective Namibia exploration tenements. In this, Reptile will spend A$3.5m over the next two and a half years to earn 65% interest in Nova Energy Namibia. Toro Energy will retain 25% while a Namibian black empowerment enterprise, Sixzone Investments, retains 10%.

Other exploration work was also completed at the Radium Hill and Warrior Projects in SA, and on various exploration tenements in the NT and WA. Toro Energy took the decision to relinquish the JV's over the Warrior project due to other exploration and project priorities. Magnetic targets were defined on the Napperby exploration licenses separate from the current Napperby resource, and Toro Energy and Deep Yellow are discussing jointly assessing the exploration potential.

During March 2009, Toro Energy's inaugural Chairman Dr Ian Gould advised the Toro Energy Board of his intention to retire as Chairman of the Company. The Board and staff of Toro Energy praised his leadership and guidance over the very important formative years of the Company. It was during Dr Gould's tenure that Toro Energy grew from a pure South Australian focussed explorer to a diverse resource development group with uranium projects nearing development decision.

The Toro Energy Board was pleased to announce Erica Smyth's election to the Chair of the Toro Energy Board from the conclusion of the Board meeting on 30 April 2009. Erica was previously the Chair of Nova Energy, and subsequently joined the Toro Energy Board as a Non-Executive Director. Her experience in executive and corporate roles within the minerals industry, along with her significant knowledge of Western Australian business, provides valuable support to Toro Energy's project feasibility and development work. Her appointment to the Board of the Australian Nuclear Science and Technology Organisation (ANSTO) during the year was strong recognition of the regard to which she is held within the industry. The Toro Energy Board and management similarly welcomed Ms Smyth as the new Chair, and look forward to her expanded role in the Company.

At a time when many of its peers were downsizing or "holding ground", the Toro Energy work level expanded over the year, and our team has grown with this. While the exploration, administration and business growth team has remained in Adelaide, Toro Energy now has an expanding projects office in Perth with a core team of permanent and consulting staff. As the Toro Energy Board commits to the ongoing Wiluna project, both this team and its work will increase. Toro Energy has for some time been acting and thinking like a project development and future mining group, and is now developing the future project structures to take its near production asset at Wiluna forward.

I would like to personally thank the Toro Energy staff and contractors for their untiring work and commitment to advancing our shareholders value in terms of our project and exploration work. We strongly believe that the best value we can provide shareholders is to have uranium for sale into the market from 2012 onwards, while maintaining Toro Energy's growth and exploration potential.

Greg Hall *Managing Director*

OVERVIEW

The global uranium market continues to evolve from what was essentially an industry with a significant inventory overhang and stagnant nuclear build program to the current resurgent industry trying to balance the winding back of inventory liquidation and the need to bring on new production sources to supply a growing nuclear build pipeline.

Deterioration of the broader global economic environment has had significant implications for the uranium market and uranium prices in particular (see Figure 3-01). Credit and capital markets experienced a crash through late 2008 and into 2009 and large volumes of speculative uranium inventory held by investment funds were liquidated. Recent spot trading volumes have been the highest for many years as nuclear utilities, producers and traders buy up the available uranium at relatively low spot prices, compared to long term contract pricing.

"Environmental and groundwater monitoring"

As at 30 June 2009 markets have tentatively begun to recover and the uranium market along with them. There has been a return of the investment funds into the uranium purchase market although the vast majority of buying is discretionary. For example, Uranium Participation Corp, a Toronto Stock Exchange listed entity, recently completed a C$100m bought deal financing that will be used for the purchase of uranium oxide and uranium hexafluoride directly in the spot market.

It is Toro Energy's view that the major supply and demand influences (as follows) likely to result in a significant uranium price increase are yet to get traction in the market. A major issue looming for the nuclear power industry is the potential for a large price spike scenario, similar to that seen in mid 2007, especially if uranium production increases continue to be slower than companies and markets predict.

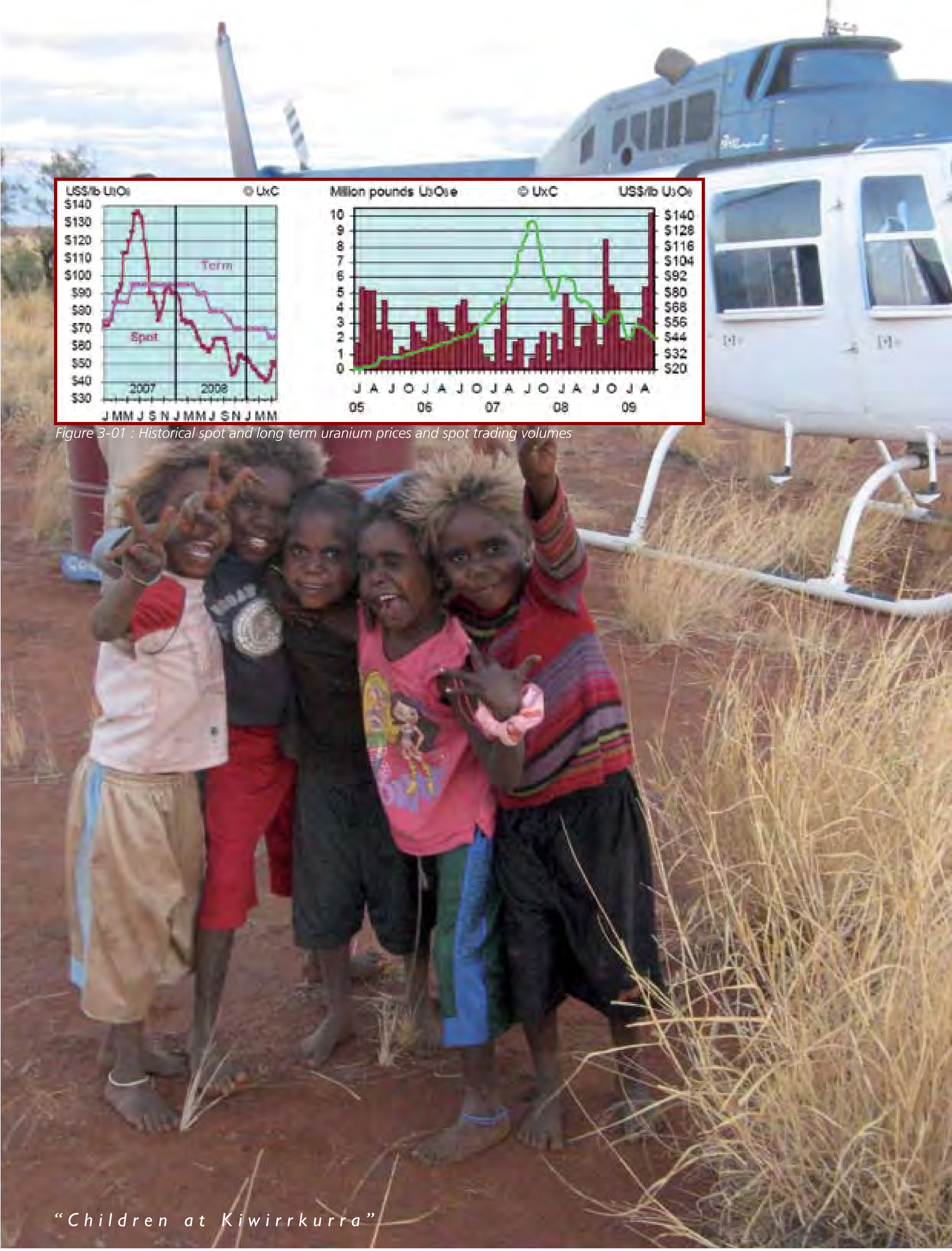


Figure 3-01 : Historical spot and long term uranium prices and spot trading volumes

“Children at Kiwirrkurra”

URANIUM DEMAND

The global nuclear power generation industry is undergoing a rapid expansion, although the long lead times in the industry due to regulatory approvals and construction tend to mask the extent of the change. Recent announcements by China indicate that it is in the process of doing what the United States and France did back in the 1970's: building a significant nuclear reactor fleet to underpin the country's base load electricity requirements. Table 3-02 below indicates the recent changes to China's publically stated nuclear power targets, currently flagging a nearly nine-fold increase in capacity:

	Announcement	Capacity GWe	% Increase
Current		9	
2020 Target	2008 Q4	40	340%
2020 Target	2009 Q1	60	567%
2020 Target	2009 Q2	75	733%
2020 Target	2009 Q3	86	855%

Table 3-02 : China nuclear power capacity targets

Clearly, with these sorts of ambitious plans, China is not overly influenced by the Global Financial Crisis. To put the scale of these numbers into perspective, the current world nuclear reactor fleet has 436 units operating with a capacity of approximately 372GWe. China's current 2020 expansion target would require an additional 64 units, assuming the capacity of each unit were around the 1.2GWe mark. This represents an expansion of the world nuclear fleet of around 15%-20%, roughly within the next decade, from China alone.

Many countries are undergoing a review of their energy systems with a view to reducing their security of supply risks as well as to mitigate greenhouse gas emissions. On the latter point, the approaching successor agreement to the Kyoto Protocol, to be agreed by the world's nations at Copenhagen in late 2009, appears to be focusing attention on low carbon base-load options. For many nations, one of the few options will be to expand the amount of nuclear power plants to meet growing electricity demand.

Recent events worldwide that illustrate this point include:

- Italy has reversed a 25 year opposition to nuclear power and is planning up to 10 new nuclear power plants;
- Sweden has reversed its nuclear phase out policy;
- India has negotiated the 123 Agreement with the United States that allows for the expansion and development of a significant civil nuclear program;
- the United Kingdom recently flagged the importance of nuclear energy as part of their future energy policy and listed eleven potential sites for new nuclear plants; and
- Ukraine signed a memorandum of understanding with Korea's KEPCO with the intent of building 20 new nuclear reactors in Ukraine by Korean corporations.

It is interesting that during the debate in Italy to reverse their nuclear decision, one Italian politician referred to the decision in the early 1980's to halt their then nuclear build program as a "50 billion Euro mistake", representing the additional costs involved in power supply in the intervening years.

The very rapid growth in reactor build is illustrated in Table 3-03 below, with numbers from 2008 also included for reference.

It can be seen from this that the number of nuclear reactors actually under construction has expanded significantly in the last year (+38%) to 47 units, while

- the shutdown of the Dominion operation in South Africa, along with shutdown or delays at other operations at La Palangana, Tony Mine, Colorado Mines, Kingsville Dome ISR; and
- the suspension of activities at AREVA's Caribou/McClean Lake project in Canada.

	In Progress			**Planned**			**Proposed**		
	2008	2009	%	2008	2009	%	2008	2009	%
China	7	14	100%	24	35	46%	76	80	5%
India	6	6	0%	10	23	130%	9	15	67%
Japan	2	2	0%	11	13	18%	1	1	0%
Russia	7	8	14%	10	8	-20%	25	28	12%
South Korea	3	5	67%	5	7	40%	0	0	0%
South Africa	0	0	0%	1	3	200%	24	24	0%
Ukraine	0	0	0%	2	2	0%	20	20	0%
USA	0	0	0%	12	11	-8%	20	20	0%
Rest of the World	9	11	22%	18	31	72%	44	94	114%
TOTAL	34	47	38%	93	133	43%	219	282	29%

Table 3-03 : nuclear build pipeline worldwide

planned and proposed units are also significantly increasing this year, growing worldwide by 43% and 29% respectively.

While this growth is predominantly from countries with existing nuclear power programs (31 countries), there are 60 additional countries now considering nuclear power as a long-term base load supply of electricity. The International Atomic Energy Agency based in Vienna, has an increasing workload from countries seeking assistance setting up the necessary nuclear industry regulatory frameworks, and hence the significant contribution from "Rest of the World" in the table above.

URANIUM SUPPLY

The production expansion shortfall theme that Toro Energy has described in previous annual reports continues, with several major mine developments either deferred indefinitely or recently suspended. Some key examples of these include:

- the continued delay in the remediation of the Cigar Lake mine in Canada;
- the indefinite delay or uncertain timing around the Olympic Dam expansion plans;
- significant deposits in Australia's Northern Territory, such as Jabiluka and Koongarra, are indefinitely delayed due to the position taken by the Indigenous people;
- the halt in production from the White Mesa mill, as costs were flagged to be higher than the current spot price;

Some developments from the political sphere have also not been encouraging for uranium supply so far this year with, for example:

- the arrest of the former head of Kazatomprom and the investigation of dealings associated with the sale of previously state owned uranium mine assets;
- continued unrest in northern Niger;
- the recent statement from Cameco that the amount of regulatory oversight in the United States had made the operating environment for in-situ recovery mines much more complex;
- the recent re-election of Labor State Government in Queensland, Australia, that currently retains a policy of no uranium mining in that state; and
- uncertain Government policy statements and risks in African countries.

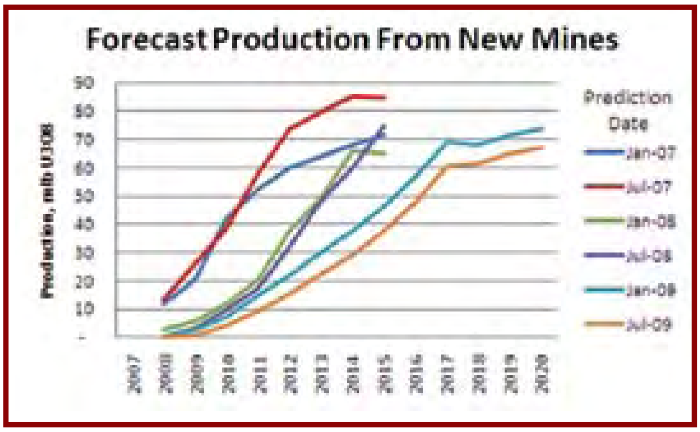


Figure 3-04 : industry new mine supply predictions

In short, little has occurred in the last year that has alleviated the short to medium term uranium supply situation and political and sovereign risks have become more elevated.

The trend of "back ending" the predicted production expansion further and further into the future is illustrated by the following figure (Figure 3-04):

It can be seen from this graph that the peak near term prediction occurred around mid 2007 and this has recently been moderated and extended out to 2020. In other words, the impediments to bringing new production on stream have been continually underestimated and the supply response consistently overestimated as a result. It is Toro Energy's view that there is a danger to the industry that this trend will sow the seeds of a future price spike scenario much worse than was seen in 2007.

If we look at this tendency to overestimate production response a little closer and review the new mine production predicted in mid 2007 and compare it to what actually occurred as new production coming on in mid 2009 there is a significant shortfall. Figure 3-05 illustrates the fact that production from new mines in reality falls far short of prediction, in the order of 50-60% in this example.

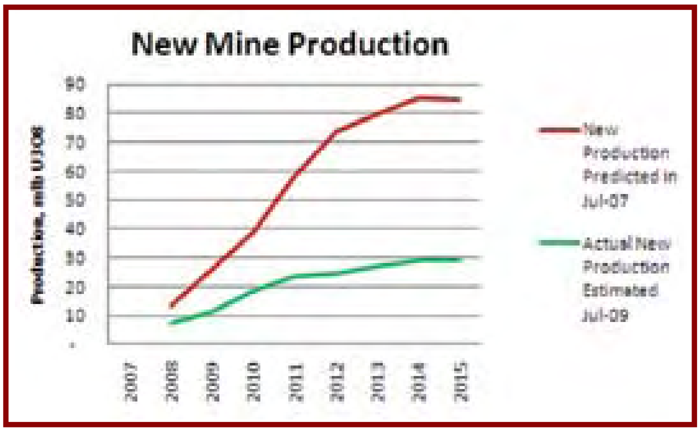


Figure 3-05 : new mine production - prediction vs actual

This is clearly not a sustainable situation and could exacerbate supply problems in the future as the feast/famine cycle takes hold again. Considerable uncertainty exists around the extent to which secondary supply sources will be available to breach this mine supply gap, a role they have fulfilled in the past. From 2013, the HEU deal between Russia and the United States is due to end and while a successor agreement is a possibility most industry commentators believe it will involve a significantly smaller quantum if it occurs at all.

Previous market analysis put the market into balance post 2013 by the commissioning of Cigar Lake and the Olympic Dam expansion, neither of which is now going to occur in the predicted timeframe.

In light of this it would appear the nuclear industry is placing a heavy reliance on the ability of the uranium mining industry in Kazakhstan to expand at such a rate as to provide sufficient uranium product in the short to medium term. In fact uranium production from Kazakhstan is targeted to increase from the current 22mlb U_3O_8 per annum to around 42mlb U_3O_8 in 2012, although some commentators have this target being achieved by 2010. The industry is now asking itself, can Kazakhstan increase production by 90% over 2-3 years given current uranium prices, as even the Kazaks have indicated that they need higher long term pricing for production over a certain annual production rate.

FUTURE OUTLOOK

In the context of the above comments on demand and supply, Toro Energy is of the view that the future uranium price outlook is still very strong. Although recent price fluctuations and spot price retracement to the US\$50/lb U_3O_8 level has occurred (still very high by historical standards), the company is of the view that this is not sustainable in the near term if new production is to come on stream to satisfy the increased demand requirements of an expanding nuclear industry.

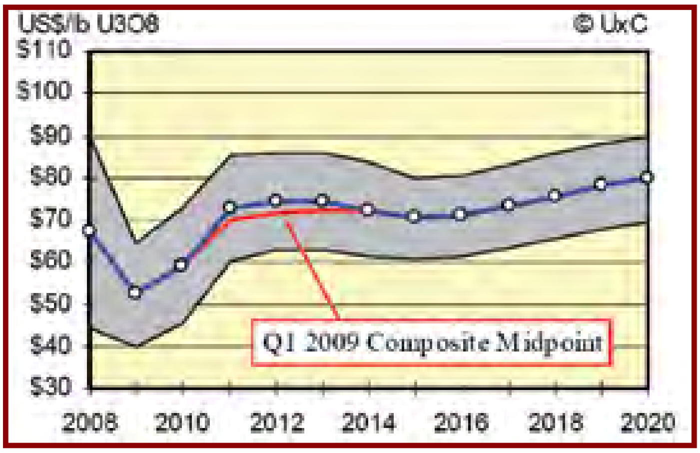


Figure 3-06 : UxC uranium price forecast, Q2 2009

Support for this view can be found in a number of independent commentator's analysis. For example Ux Consulting have as their "Composite Mid Point Case" (refer Figure 3-06) a price around the US$75-US$80/lb U_3O_8 during the critical 2013-2020 period when much of the next production will need to be on stream.

Also CRU, another independent commodity analysis group, has recently presented in industry forums and conferences for the need of uranium pricing to be at a level that can pay:

- capital costs;
- ongoing operating cost;
- tax and royalty expenses;
- cost of exploration / discovery; and
- shareholder return.

The last bullet point in particular should reflect the risk shareholders run, especially on a long lead time investment such as uranium mining.

In light of this commentary, Toro Energy believes that a price of US$75/lb U_3O_8 reflects the level of incentive required for new production to come on stream. Hence this price (and exchange rate of US$0.75) is used in its internal analysis for projects delivering into contracts from 2013 onwards.

PROJECT DEVELOPMENT

WILUNA
Lake Way/Centipede Uranium Deposits

Project Location

The Wiluna Project consists of two uranium deposits, Lake Way and Centipede which occur on the edges of the Lake Way playa lake to the southeast of Wiluna in Western Australia (Figure 4-01). The Centipede deposit is located mostly within the existing mining lease M53/224 on the western side of the lake while the Lake Way deposit is located on the northern side of the lake within exploration licence E53/1132. A mining lease application, M53/1090, has been applied for and this will cover the Lake Way deposit.

The uranium deposits are located in a region well serviced by infrastructure, including close proximity to the Kalgoorlie gas pipeline, a fully surfaced airstrip, bitumen roads and water borefields.

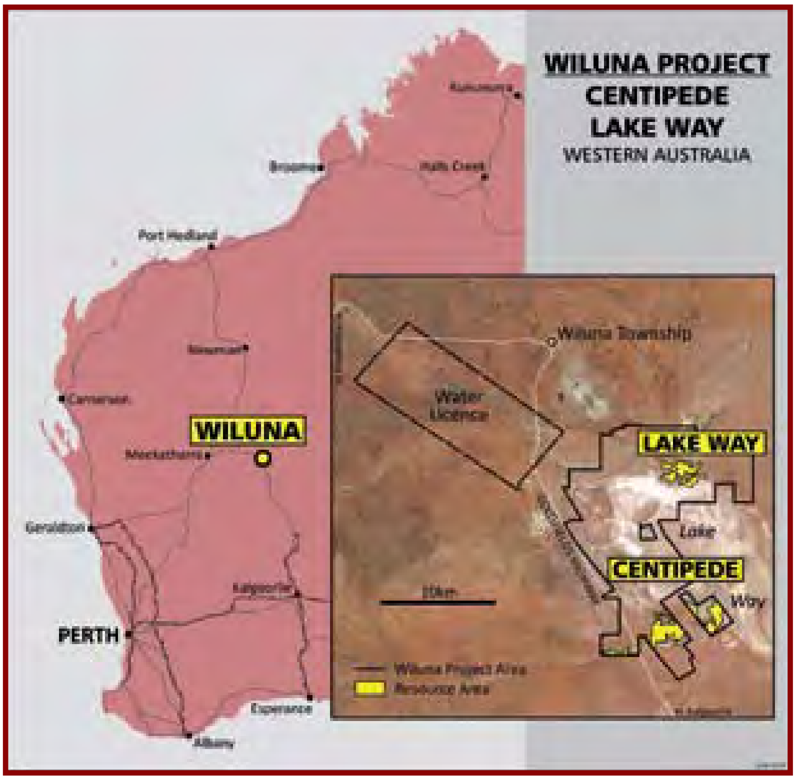


Figure 4-01 : Wiluna Project location

Prefeasibility Study Results

The prefeasibility study for the Wiluna Project was completed and reported in September 2008, confirming the viability of the project. While four options were considered, two were seen as being significantly more economic. These were:

1. alkaline heap leach with ion exchange uranium recovery; and
2. conventional agitated leach with direct precipitation of uranium.

Results for these two options are summarised in the Table 4-02.

The study highlighted a number of potential project improvement opportunities including resource assessment, selective mining and processing options which have the potential to add significant value to the project. It was believed that these should be addressed before a definitive (bankable) feasibility study was undertaken and hence an optimisation study on these two options was commenced.

Optimisation Study

Key outcomes targeted by the optimisation study include:

- a significant grade improvement from additional data and geological modelling;
- validation of selective mining and an ability to convert the mineral resource to ore reserve;
- an optimal processing flow sheet from metallurgical characterisation and metallurgical testing;
- an operational and environmental management strategy for mine ground water.

Key components of the study which have been undertaken include:

- Department of Mines & Petroleum (DMP) and Environmental Protection Authority (EPA) approvals and native title claimant clearances for the field work;
- sonic drilling at Centipede for metallurgical characterisation and samples for testing;
- close spaced drilling over an area providing detailed ore continuity information, along with preparation for a proposed resource evaluation pit;
- a resource evaluation pit to validate grade control methods and determine a conversion from mineral resource to ore reserve;
- validation of ground water modelling and management techniques;
- some close spaced aircore drilling at Lake Way for detailed grade estimation;
- re-estimation of the resources;

Wiluna Uranium Project – Sept 2008 Prefeasibility Results		
	Development Options	
Life of Mine (LOM): Base Case	Alkaline Heap Leach	Alkaline Agitated Leach
Nameplate Plant Throughput, ktpa	2,000	1,500
Ore Processed – Life of Mine, kt	18,721	16,325
Ore Grade, ppm	472	503
Metallurgical Recovery, %	70.0	83.3
Uranium Produced – Life of Mine, mlb	13.65	15.08
Cash Cost (incl Royalties, G&A), US$/lb	$41.19	$39.10
Initial Capital Expenditure, A$m	$195.7	$247.5
Deferred Capital Expenditure, A$m	$39.7	$4.9
Closure Expenditure, A$m	$29.7	$46.4
Capital Cost/lb LOM, including closure, US$/lb	$14.57	$14.86
Average Steady State Production, U_3O_8 tpa	680	640
Average Steady State Production, U_3O_8 mlb pa	1.50	1.41
Initial Ramp Up Period, Years	1	2
Mine Life, Years	10	12

Table 4-02 : Base case scenarios for the prefeasibility heap leach and agitated leach options (assumes a US$0.75 AUD:USD exchange rate)

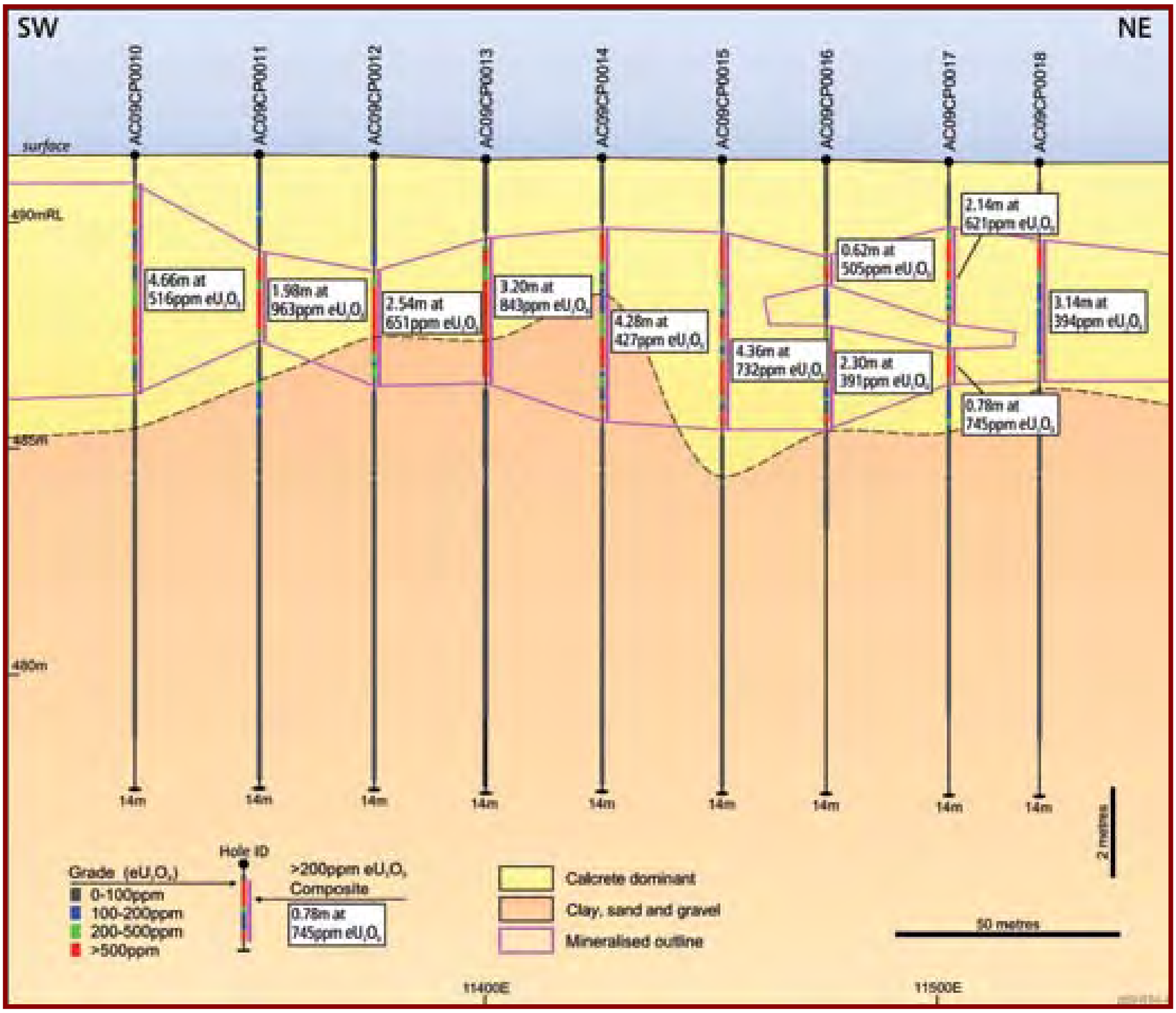


Figure 4-03 : Cross section 8850N – detailed drilling of the Centipede deposit

- metallurgical testing to determine the optimum parameters for comminution/leaching/settling/carbonate recovery, both for resin-in-pulp and direct precipitation;
- column testing to verify heap leach criteria; and
- re-run of the financial model and updated project economics.

Other aspects of the project requiring further input information will be held over until the bankable feasibility study is complete. During this study Toro Energy will optimise the project to ensure that capital costs are kept to a minimum, mining maximises the uranium grade, and process refinements ensure optimal metallurgical recovery.

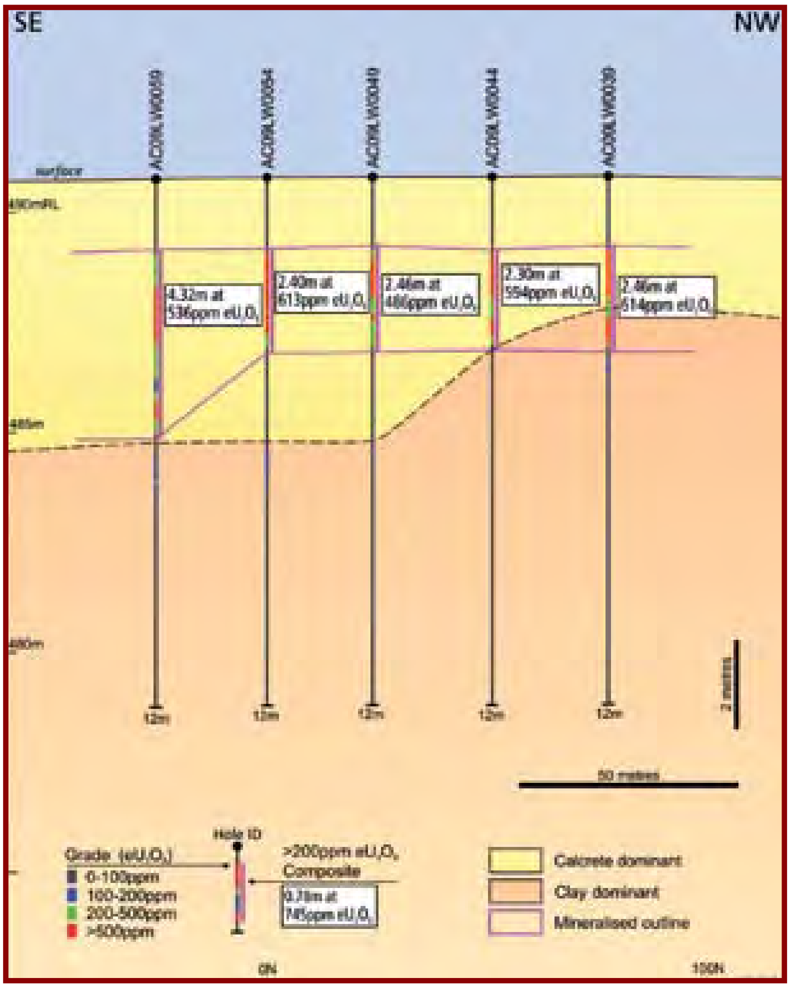


Figure 4-04 : Cross section 125E – detailed drilling of the Lake Way deposit

Resource Drilling

To improve and upgrade resource estimates and definition, aircore and sonic drilling programs at the Centipede deposit were completed. The drilling included 81 aircore holes in a 25m x 25m close spaced drill pattern and nine sonic holes where it is proposed to excavate a resource evaluation pit to validate resource estimates from drilling data. The sonic drilling provided core samples for chemical assay to verify gamma based grade estimates. This drilling also provided samples for metallurgical testwork. The drilling at Centipede was successful in extending the known mineralisation and the detailed drilling showed good continuity of mineralisation (Figure 4-03).

To improve and upgrade the resource estimates at Lake Way deposit an aircore drilling program was completed. This program included 25 holes in a 25m x 25m close spaced drill pattern to investigate the short range variability of the resource. This drilling was successful in extending the resource and the detailed drilling shows very good continuity of mineralisation in that area. Drilling also indicates that there is anomalous gamma and low grade mineralisation in areas where historical drilling data had returned null assay values. (Figure 4-04)

Disequilibrium studies at both Centipede and Lake Way confirm previous work with only minor disequilibrium at Centipede (0-4%) and with Lake Way having a disequilibrium factor between 10-15%. In both cases average chemical assays typically report higher than the gamma equivalent grades.

Resource Upgrade

A JORC compliant update of the Wiluna Resources was completed by SRK Consulting (Table 4-05). This update included new data from the 2009 aircore and sonic drilling programs. The parameters used for the updated resource modelling are provided in Table 4-06.

The updated resource estimate indicates an overall 31% increase in the average grade of the total Wiluna Uranium Project along with a 2% higher metal content. This means the treatment of 20% less ore tonnes for essentially the same uranium production, indicating a substantial improvement in project economics.

The new total resource has increased to 20.21 million tonnes at 548ppm U_3O_8 for 11,070 tonnes (24.40 million lb) of contained uranium oxide compared to the previously reported resource of 25.83 million tonnes at 419ppm U_3O_8 for 10,835 tonnes (23.89 million lb), both at 200ppm cut-off grade.

Resource Evaluation Pit

Planning and approval applications were prepared and submitted for the excavation of a resource evaluation pit in the area of close-spaced drilling at Centipede. This excavation will test the resource estimate, grade control processes and water management strategy. Following a short term constant rate pump test, further planning is underway to develop and test various strategies for controlling water inflow.

Prospect	Category	Jun-09				May-08			
		Resource Million Tonnes	Grade U_3O_8 ppm	Contained U_3O_8 Tonnes	Contained U_3O_8 Mlb	Resource Million Tonnes	Grade U_3O_8 ppm	Contained U_3O_8 Tonnes	Contained U_3O_8 Mlb
200ppm U_3O_8 cut-off						200ppm U_3O_8 cut-off			
Centipede	Measured	[illegible]	[illegible]	[illegible]	[illegible]				
Centipede	Indicated	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	459	[illegible]	[illegible]
Centipede	Inferred	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lake Way	Inferred	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total		20.21	548	11,070	24.40	25.83	419	10,835	23.89

Table 4-05 : Current JORC compliant Wiluna uranium resource compared to previous calculation

Modelling Parameters	Centipede	Lake Way
Mineralised envelope cutoff	70ppm U_3O_8	80ppm U_3O_8
Data used	All gamma data (0.02m or 0.05m intervals)	Mostly assay data (0.3m or 1.0m intervals), minor gamma data (0.02m intervals)
Composite lengths	0.25m	0.50m
Parent Block Size	50m x50m x 0.25m	30m x 30m x0.5m
Selective Mining Unit (SMU) Size	10m x 10m x 0.25m	10m x 10m x 0.5m
Estimation methodology	Ordinary Kriging in parent blocks then applying Uniform Conditioning to the SMU	Ordinary Kriging in parent blocks then applying Uniform Conditioning to the SMU

Table 4-06 : Modelling parameters used for updated resource models

At the time of writing, regulatory approvals for this work are still pending. It is now planned for this work to be part of the bankable feasibility study.

Metallurgical Testwork

Additional metallurgical testing was undertaken to further refine the extraction process, and determine the optimal parameters for processing, with the preferred processing flowsheet likely to be a combination of the two options referred to previously. A series of samples were prepared for testing representing material across the Centipede deposit. The main testing program components were:

- physical characterisation of the Centipede deposit from drill samples;
- direct precipitation of sodium di-uranate (SDU) from solution;
- resin in pulp test work;
- a study of leach extraction and heat recovery;
- leach residue solid-liquid separation; and
- uranium product formation and cleaning.

Three bulk samples from the sonic and aircore drilling program were delivered to AMMTEC Laboratories in Perth and prepared for testing. These include:

- a large blended sample (taken from aircore samples representative of the total resource);
- a calcrete dominant sample; and
- a clay dominant sample.

	Prefeasibility Range	Optimisation Work	Targeted Improvement	Status
Head Grade	472-503ppm	Close spaced drilling	+20%	+31% increase
Capital Cost	A$195-A$247m	Met testing, water quality	-10%	pending
Operating Cost	US$39-$41/lb	Grade, Recovery	-US$6/lb	pending
Recovery	70%-83%	Column leach testing	+2% to +5%	pending
Mine Life	10-12 years	Resource Consolidation	+5 years	pending
NPV	$74-$78m		A$165m	pending

Table 4-07 : Wiluna Project prefeasibility results and optimisation study targets

The metallurgical tests conducted on these samples as part of the optimisation study include:

- beneficiation and scrubbing tests;
- comminution tests;
- conventional leach tests;
- settling tests;
- rheology;
- mineralogy;
- heap leach tests.

The testwork completed at the time of writing demonstrates the viability of the direct precipitation of uranium from saline alkaline leach solution with improved recovery, providing the opportunity for further capital and operating cost savings.

Optimisation Study Summary

Along with the resource grade increase and the metallurgical testwork completed, capital and operating cost re-estimates under the optimisation study were underway at the time of writing. As with the pre-feasibility study, these estimates will continue to include all costs needed to advance and operate a project, including royalty, community, infrastructure and closure costs.

These combined results are expected to provide a substantial improvement in the overall economics of the Wiluna Project, as outlined in the pre-feasibility study and highlighted in the optimisation study targets (Table 4-07). It is expected that the optimisation study will be completed by early September 2009.

Community Consultation and Approvals

The change of State Government in Western Australia and the subsequent favourable change in policy regarding uranium mining have meant an increase in Government and community consultation work. Briefings were held with senior Government advisors (both WA and Federal), WA Government regulators, the Wiluna Shire and traditional owner representatives regarding uranium mining and Toro Energy's plans for the Wiluna Project.

Toro Energy is currently developing an Indigenous engagement framework in consultation with native title claimants and their representative body, Central Desert Native Title Services (CDNTS).

Consultants have been engaged to gather community baseline information that will feed into a social impact assessment. Similarly, assistance has been engaged to manage the project approvals process.

Toro Energy is also involved with general community and public programs regarding increased knowledge and education in uranium, radiation and the nuclear power industry. Toro Energy coordinated presentations by a visiting expert in low dose radiation health research, and has joined other companies in public information seminars in Perth, Wiluna and Kalgoorlie.

Project Expansion

Initial discussions commenced with various parties regarding tenements surrounding the Lake Way / Centipede Project to determine the viability of adding exploration ground or potential resources which could add value to the project. At the time of writing none of these discussions were concluded, nor advanced to the stage where any announcement was possible. The Company will keep the market fully informed as discussions materialise further.

NAPPERBY PROJECT, NT

Option to purchase from Deep Yellow Ltd

Project Location

The Napperby Uranium Project is located in the Northern Territory, northwest of Alice Springs and comprises two exploration tenements EL24246 and EL24606 (Figure 4-08).

The Napperby Project includes an historic mineralised zone discovered and explored by CRA Exploration and Uranerz in the late 1970's and early 1980's that defined a mineralised zone over some 20km strike length. The extensive mineralised zone occurs within 3m to 8m from surface in semi-consolidated and unconsolidated sediments along a palaeochannel. The project is close to infrastructure, being 175km northwest of Alice Springs along the sealed section of the Tanami Highway, within 20km of the Alice Springs to Darwin gas pipeline and with access to the main north-south railway through Alice Springs.

Toro Energy has an Option Agreement with Deep Yellow Limited over the Napperby Uranium Project which allows for 100% purchase of the project at a capped price per resource pound basis at any stage over a three year period.

Resource Drilling

A drilling program utilising both aircore and sonic drilling was completed during 2008 at Napperby with the aim of increasing the existing JORC resource and assessing extensions to the published resource. Aircore holes were drilled at nominal 100m centres and logged with a calibrated gamma probe. Previously reported disequilibrium studies have provided confidence in eU_3O_8 values at Napperby and gamma data are universally corrected for disequilibrium by a factor of 1.4. Any aircore drill hole reporting greater than 100ppm eU_3O_8 over 1m was twinned with a sonic drill hole that provided samples for assay as well as additional calibrated gamma data.

The gamma equivalent grade x thickness from recent drilling continues to show very good continuity along the palaeochannel (Figure 4-09).

Resource Upgrade

A JORC compliant update of the Napperby Resources was completed by SRK Consulting (Table 4-10) and included a revised geostatistical interpretation and updated estimation of the Napperby resource for the area outlined on Figure 4-11. This update utilised all the assay data obtained from the Toro Energy 2007 and 2008 drilling programs as well as assay data from the Deep Yellow drilling in 2006. The parameters used for the updated resource modelling are provided in Table 4-12. Toro Energy and Deep Yellow have now drilled

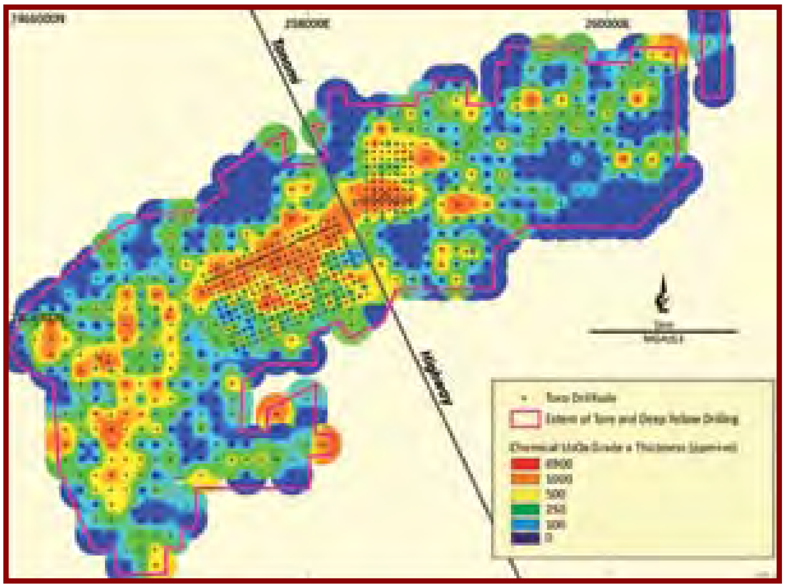


Figure 4-09 : Grade x thickness plot of Toro Energy drilling at Napperby

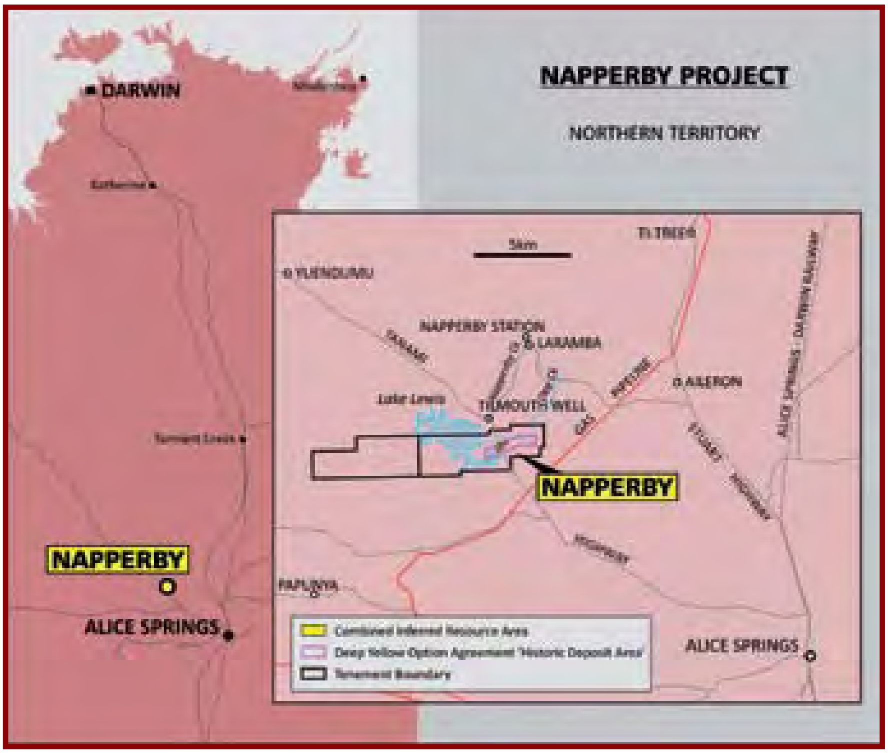


Figure 4-08 : Napperby project location plan

		February 2009				July 2008			
Prospect Area	Category	Resource Million Tonnes	Grade U_3O_8 ppm	Contained U_3O_8 Tonnes	Contained U_3O_8 Mlb	Resource Million Tonnes	Grade U_3O_8 ppm	Contained U_3O_8 Tonnes	Contained U_3O_8 Mlb
200ppm U_30_8 cut-off						200ppm U_30_8 cut-off			
Napperby Total	Inferred	9.34	359	3,351	7.39	4.65	305	1,420	3.13

Table 4-10 : Current JORC compliant Napperby uranium resource compared to previous calculations

approximately half of the mineralised area previously defined by Uranerz.

Metallurgical Sampling and Testing

Samples taken from the drilling were utilised in a second round of metallurgical testing, completed by Amdel Ltd, to determine:

- suitability of the mineralisation to beneficiation;
- the optimum conditions for alkaline leaching; and
- the applicability of heap leaching by completing column testing.

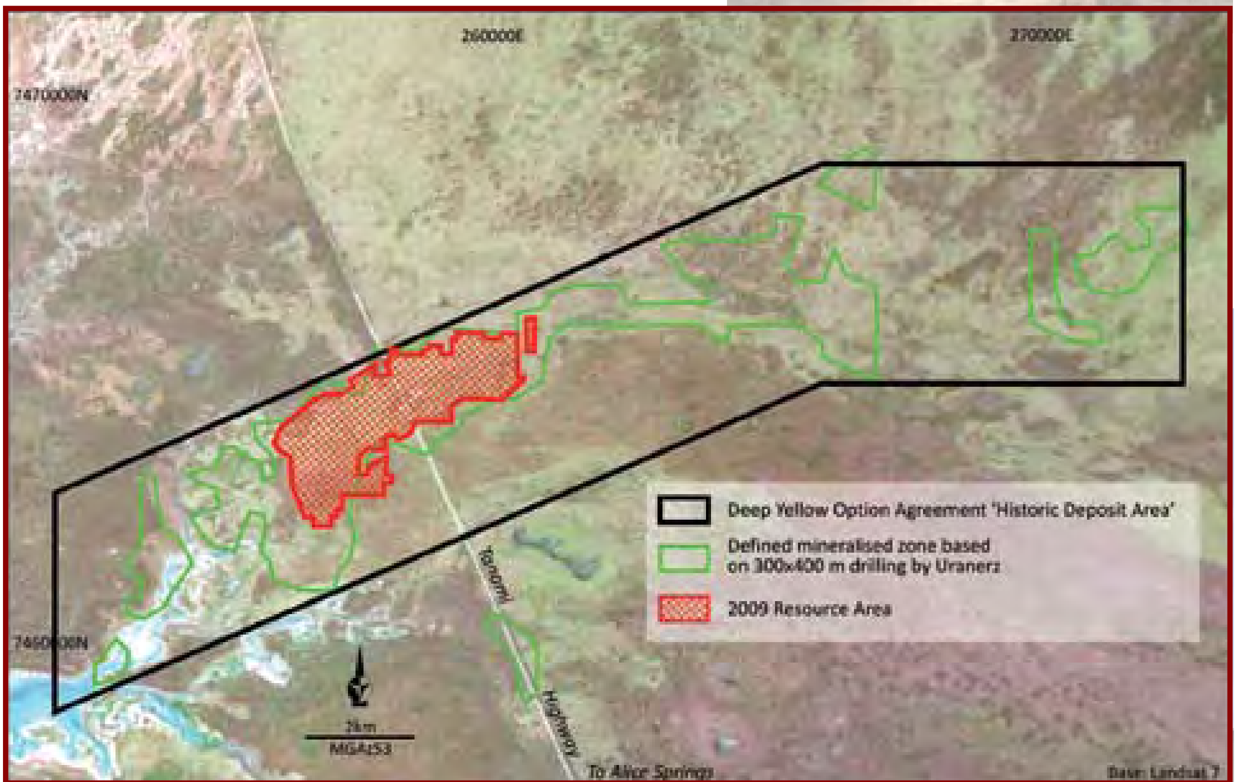


Figure 4-11 : Current resource area (hatched) compared to known mineralised region (green)

Modelling Parameters	Napperby Resource
Mineralised envelope cutoff	50ppm U_3O_8
Data used	All assay data (0.5m or 1.0m intervals)
Composite lengths	1.0m
Parent block size	50m x50m x 1.0m
Selective Mining Unit (SMU) size	10m x 10m x 1.0m
Estimation methodology	Ordinary Kriging in parent blocks then applying uniform conditioning to the SMU

Table 4-12 : Modelling Parameters used for updated resource models

Similarly, more detailed mineralogy and petrology studies were completed to complement the metallurgical testing. Data from this testwork was used in the scoping study compiled by URS Austraila.

Community Consultation and Approvals

Consultation continued with traditional owner groups and Northern Territory Government in regard to possible project development and the required approvals pathway. Napperby project update meetings were undertaken with the NT DPIFM (Dept of Primary Industry, Fisheries and Mines), the newly formed Central Desert Shire Council, the Central Land Council and local communities.

Scoping Study

URS Australia was commissioned by Toro Energy to undertake a scoping study to determine viable development options for the Napperby Project. As part of this study URS considered:

- mine development options;
- preferred processing routes;
- infrastructure requirements;
- environmental management; and
- likely capital and operating costs.

This study utilised the new metallurgical test results completed by Amdel and the new resource estimation for Napperby along with reasonable estimates of final resource size. Prior to the study, Toro Energy had collected preliminary baseline environmental data and completed a preliminary social impact study. No unmanageable environmental or social impacts were identified.

The scoping study for Napperby includes initial mine designs to confirm the selective mining potential of the shallow Napperby deposit (all mineralisation <8m depth). The shallow deposit is likely to be amenable to mine optimisation designs that allow for the mining of higher grade portions of the deposit early in the mine schedule.

The final draft of the URS Napperby Scoping Study has been compiled. The scoping study evaluated a number of processing alternatives of which two were considered suitable for more detailed study namely:

- alkaline heap leach;
- alkaline agitated leach.

The scoping study report from URS is now being reviewed to determine best suitability and economics for various project sizes and process route options. Financial modelling based on the outcomes of this review will then be undertaken.

The information in this report relating to the Centipede, Lake Way and Napperby Resources is based on information compiled by Mr Daniel Guibal of SRK Consulting, who is a Fellow (FP) of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Guibal is a full time 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 Person 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.

EXPLORATION

The Australian and Namibian exploration licences and applications held by Toro Energy, or subject to uranium access and joint venture rights, as at 30 June 2009 are shown on Figure 4-13. The area they each cover (km2) is shown in Table 4-14.

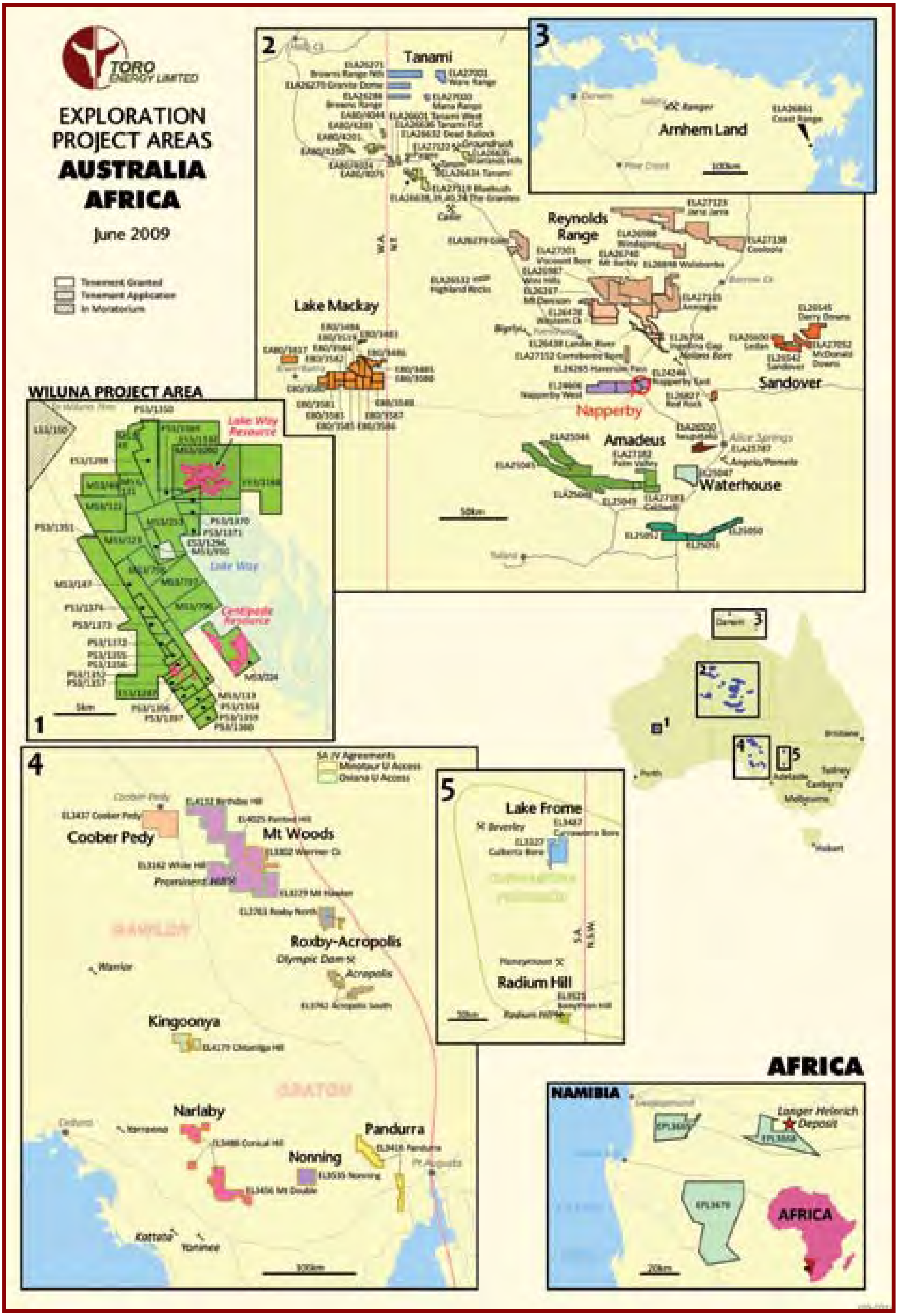
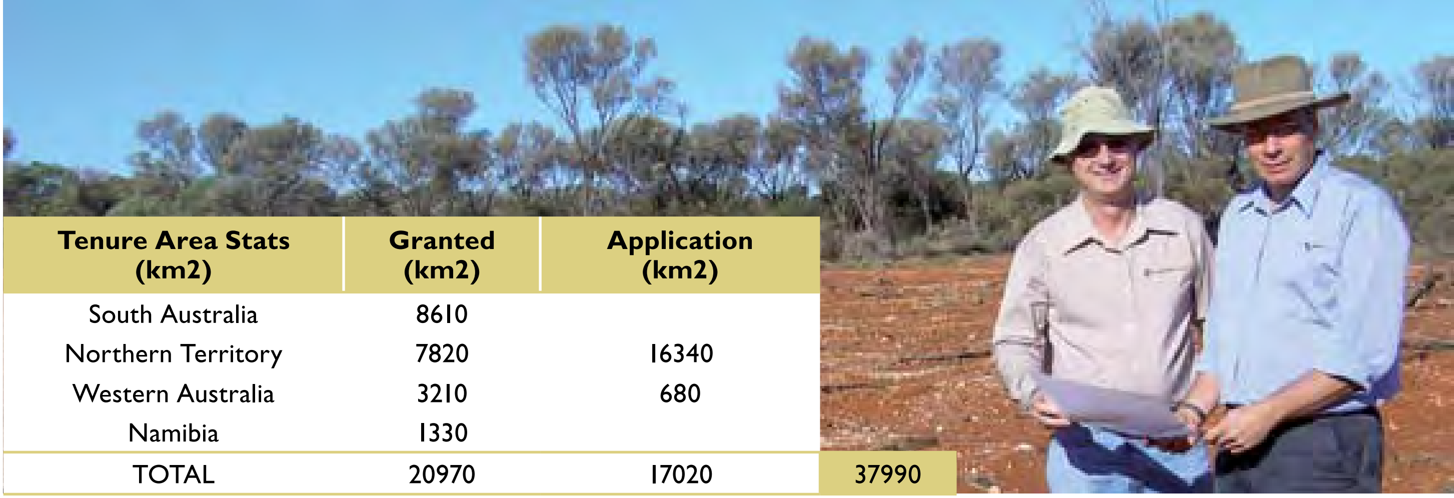


Figure 4-13 : Toro Energy's tenement position for uranium exploration and future development as at 30 June 2009



Tenure Area Stats (km2)	Granted (km2)	Application (km2)	
South Australia	8610		
Northern Territory	7820	16340	
Western Australia	3210	680	
Namibia	1330		
TOTAL	20970	17020	37990

Figure 4-14 : Toro Energy tenement area statistics

South Australia

Warrior Project

Tarcoola Joint Venture – Uranium Only – ELs 3040, 3107 and 3698 – Range River 100% - Toro Energy earning 75% (now withdrawn)

Stellar Joint Venture – ELs 3372 and 3369W – Stellar Resources 100% - Toro Energy earning up to 70% for all minerals (now withdrawn)

Heritage clearances were sought for access to the Warrior South Prospect. Aircore drilling along three lines including a combined gravity and magnetic target was proposed. Negotiations with the Far West Group over a revised heritage survey program (part of the previously signed Access Agreement) were undertaken with the view to reduce costs. No agreement was reached and drilling was postponed.

On 9 June 2009 Toro Energy withdrew from the two JV's covering the Warrior and Warrior South projects (refer ASX Release on 9 June 2009). Combined with the delay in obtaining a reasonable cost heritage survey, the Company also considered the tenor of uranium assays and current size of the mineralised area had less potential compared with the Company's other project opportunities.

Radium Hill Project

Minotaur Uranium Access Agreement – EL3521 Bonython Hill

During late March to early April 2009, Toro Energy undertook extensive regional aircore drilling to target Tertiary palaeochannels of Olary and Blackfellows Creek draining from the Radium Hill area.

A total of 31 holes for 769m (average 24.8m depth) were drilled covering the broad extent of palaeochannels as depicted by Airborne EM data (refer ASX Release on 30 March 2009). Holes were spaced wider than anticipated due to the hard ground conditions encountered, but are considered sufficient to have tested all sedimentary uranium targets. All sediments intersected were oxidised and no radiometric spikes of any type were recognised. All holes that penetrated the Tertiary cover finished in the shallow metamorphic basement of Broken Hill Group affinity. These basement rocks are of little interest with respect to uranium. A total of 120 samples were submitted for analysis.

No anomalous uranium results were reported and no further uranium exploration is proposed for this tenement at this stage.

Mount Woods Project

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

Uranium Access rights to EL3302 - held 100% by Minotaur

Toro Energy has the uranium rights over the Mt Woods Project through Uranium Access Agreements (UAA's) over the OZ Minerals exploration licences surrounding, but not including the Prominent Hill mining lease, and one licence held by Minotaur.

OZ Minerals (previously Oxiana Limited) has been actively exploring for IOCG deposits in the area surrounding Prominent Hill. Holes drilled during this year were not gamma probed due to difficulty in timing, however uranium was included in all assays. Further exploration work during the second half of 2009 has recommenced.

Following the restructure of OZ Minerals, with its prime asset being the Prominent Hill Mine, the Mt Woods Project has been elevated in importance as OZ Minerals looks to expand its exploration program in the region. OZ Minerals has also stated it has 15 "Prominent Hill" style targets in the region that are yet to be explored so these tenements have been retained and further work is planned.

Roxby Acropolis Project

Minotaur Uranium Access Agreement – Minotaur and Toro Energy 100% - JOGMEC earning 51% for all minerals ELs 3761 and 3762

Funding for this project was obtained from Japan Oil, Gas and Metals National Corporation (JOGMEC). Targets for this area were Olympic Dam style iron oxide copper-gold-uranium mineralisation.

A 2 milliGal residual gravity anomaly coincident with a magneto-telluric anomaly was defined and drill tested in early 2009.

The first drillhole at the Aphrodite target intersected crystalline basement at 671.2m and continued to a total depth of 804.5m. Intervals of red-rock alteration and sericitisation are present, as are late stage veins of carbonate (calcite, dolomite and siderite) variously containing haematite, fluorite, chalcocite, bornite and chalcopyrite. Although assay values are low, such as 0.2 metres @ 1950ppm Cu and 26.4% Fe for a 0.2m wide bornite-bearing carbonate vein at 758.8 metres, alteration and veining are consistent with IOCG-style alteration regionally present at Olympic Dam, Carrapateena and Wirrda Well. The lithologies intersected are not sufficiently dense to explain the positive gravity anomaly and a more detailed gravity survey will be undertaken to provide better resolution within the Aphrodite complex.

In June 2009, JOGMEC announced its withdrawal from further exploration in this project area. Minotaur, together with Toro Energy, are planning infill gravity surveys to assist in future drill targeting around the Aphrodite gravity target.

Coober Pedy Project

100% Toro Energy - EL3437

Downhole gamma probing was completed for the four diamond holes drilled by Nova Energy in 2007. An anomalous spike of over 600cps was recorded in basement at 174m. Core inspection noted uranophane at the anomalous intersection. The original assays were reassayed by XRF reporting 147ppm U. The same sample reported 504ppm Th and the downhole probe result is now considered to be due to high thorium. No anomalous radioactive response was reported from the overlying cover sequences.

Further exploration and drilling on other targets is under review. The four diamond core holes completed by Nova Energy as part of a PACE sponsored drilling program in 2007 were submitted to the PIRSA core library.

Northern Territory

Reynolds Range Project

100% Toro Energy - ELs 26265, 26287, 26438, 26478, 26704, 26848; ELA's 26740, 26279, 26532, 26987, 26988, 27115, 27123, 27138, 27152

Following a review of previous work and assessment of the radiometric data, a field reconnaissance visit was made to the area in October 2008. Rock chip samples were collected from granites and other units with high uranium responses. Weak anomalous uranium values ranged up to 29ppm.

Negotiations with Traditional Owners and the Central Land Council (CLC) were undertaken. A meeting was held with Traditional Owners at Mt Barkly coordinated by the CLC.

Airborne EM is being planned that will define major palaeochannels draining from a hinterland with a high radiometric response.

Napperby Deeps Project

EL's 24246 and 24606 (DYL 100% - Toro Energy Limited Option to Purchase)

Deep Yellow Limited agreement to 50/50 expenditure on Napperby Deeps Project

Following a review of the magnetic signatures on the two Napperby tenements, Deep Yellow Limited ("Deep Yellow") and Toro Energy have agreed in principle to explore for IOCG targets on these tenements. The Napperby Deeps Project agreement was contained in the Napperby Option Agreement (4 May 2007) allowing for exploration for non-calcrete uranium mineralisation with 50/50 funding contributions by Deep Yellow and Toro Energy.

Three magnetic targets were evaluated by gravity during May. The results from this survey have been assessed and initial interpretations indicate minor gravity anomalies associated with two of the magnetic anomalies. Consideration is being given to drill testing the targets in August-September 2009.

Western Australia

Lake Mackay

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

Central Desert Native Title Services, and the Traditional Owners from Kiwirrkurra, completed a heritage clearance for priority exploration areas in September 2008.

A 100m-spaced, airborne magnetic/radiometric survey over the western and southern parts of the granted tenements was completed. Results highlighted the potential for shallow uranium mineralisation and deeper iron oxide copper gold uranium (IOCGU) mineralisation.

A structural and geological interpretation of the airborne magnetic/radiometric survey over the western part of the tenement was completed. This highlighted two stages of magnetite alteration. An early alteration associated with the known mineralisation intersected at Pokali South (refer Ashburton Minerals ASX release on 14 November 2008) and a later alteration that overprints major regional structures. Sampling over six magnetic targets was recommended.

A three week geochemical sampling and gravity surveying program using helicopter support was completed during May and early June. A total of 1449 soil samples were collected including 15 that were sieved for size fractions as orientation samples. A further 118 rock chip samples and 178 calcrete samples were also collected. One auger hole penetrating to two metres was completed at the southern edge of Lake Mackay. At the time of writing the Company was still awaiting results. A minor radiometric response was noted in calcrete at a roadside borrow pit to the north of Kiwirrkurra.

An application was made to the Department of Mines and Petroleum, Exploration Incentive Scheme to drill two RC/Diamond holes to test two magnetic/gravity anomalies defined in the regional airborne magnetic data. Toro Energy was one of only a small number of exploration companies to receive an award of $75,000 towards the cost of drilling the two holes. This drilling is being planned for late 2009.

Africa

During the year, Toro Energy undertook a review of its African interests. The aim was to increase shareholder value, to allow for more aggressive project advancement and allow for additional focus on Toro Energy's Australian projects which have greater potential for near term production. The outcome of the review was to restructure the African tenure resulting in retaining only three tenements located in Namibia, and relinquishing exploration tenements in Guinea.

Namibia

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

Toro Energy has now been granted licence application renewals for three EPL's submitted August 2007. Anomalous uranium mineralisation is anticipated following a review of results from Track Etch and Alpha Cup radon data.

A joint venture between Deep Yellow (through their wholly owned Namibian subsidiary Reptile Mineral Resources and Exploration Limited ("Reptile")) will see Reptile spend A$3.5 million over the next two and a half years on three Exclusive Prospecting Licences (EPLs) held by Toro Energy's Namibian subsidiary, Nova Energy (Namibia) Limited ("Nova"). Reptile will then be entitled to gain a 65% share of the Joint Venture. Toro Energy will retain 25% with a Namibian Black Economic Empowerment (BEE) Company, Sixzone Investments Proprietary Limited, holding a 10% share. Since late March 2009 any company applying for renewal of EPLs is being informed by the Ministry of Mines and Energy (MME) of a requirement for involvement of a BEE partner before renewals will be granted.

Members of the new Namibian JV, including Nova Energy Namibia (Toro Energy), Reptile (Deep Yellow) and Sixzone Investments (Namibian BEE).

Reptile has a substantial exploration base at Swakopmund, close to the Toro Energy exploration areas, and a Namibian exploration team with a proven record of uranium discovery. They are now able to commence work following the grant of renewals for the three Toro Energy-held EPLs, (3668, 3669 and 3670) by the Ministry for Minerals and Energy and the approval of the joint venture arrangement by the Minister.

Guinea

PR N°A 2006/79, 2006/80, 2006/153 and 2006/154

Throughout the course of the year Toro Energy relinquished tenement 2006/154 and reduced tenement 2006/153 by half. Drilling had been planned, however Toro Energy preferred to undertake this through a joint venture, of which there was minimal interest. The change in Government during late 2008 further slowed progress. By March 2009 Nova Energy Africa (wholly owned subsidiary of Toro Energy) had completed the withdrawal from Guinea.

Toro Energy Limited Licences - South Australia

State	Tenement	Tenement Name	Toro Energy Project Area	Status	Area sq km	Tenement Licensee
SA	EL4132(3079) #	BIRTHDAY HILL	MT WOODS	Granted	1060	Minex (Aust) Pty Ltd (OZ)
SA	EL3162 #	WHITE HILL	MT WOODS	Granted	587	Minex (Aust) Pty Ltd (OZ)
SA	EL3229 #	MOUNT HAWKER	MT WOODS	Granted	446	Minex (Aust) Pty Ltd (OZ)
SA	EL4025(3056) #	PAINTED HILL	MT WOODS	Granted	1674	Minex (Aust) Pty Ltd (OZ)
SA	EL4179(3100) #	CHITANILGA HILL	KINGOONYA	Granted	335	Minotaur Operations Pty Ltd
SA	EL3302 #	WARRINER CREEK	MT WOODS	Granted	507	Minotaur Operations Pty Ltd
SA	EL3416 #	PANDURRA	PANDURRA	Granted	551	Minotaur Operations Pty Ltd
SA	EL3456 #	MT DOUBLE	NARLABY	Granted	464	Minotaur Operations Pty Ltd
SA	EL3486 #	CONICAL HILL	NARLABY	Granted	618	Minotaur Operations Pty Ltd
SA	EL3521 #	BONYTHON HILL	RADIUM HILL	Granted	120	Minotaur Operations Pty Ltd
SA	EL3535 #	NONNING	NONNING	Granted	312	Minotaur Operations Pty Ltd
SA	EL3761(2932) #	ROXBY NORTH	ROXBY-ACROPOLIS	Granted	368	Minotaur Operations Pty Ltd
SA	EL3762(2931) #	ACROPOLIS SOUTH	ROXBY-ACROPOLIS	Granted	327	Minotaur Operations Pty Ltd
SA	EL3327 *	CULBERTA BORE	LAKE FROME	Granted	183	Minotaur Uranium Pty Ltd (Toro)
SA	EL3487 *	CURRAWORRA BORE	LAKE FROME	Granted	420	Minotaur Uranium Pty Ltd (Toro)
SA	EL3437 #	COOBER PEDY	COOBER PEDY	Granted	911	Wiluna Operations Ltd (Toro)

Toro Energy Limited Licences - Africa

Country	Lease	Locality	Project	Lease Status	Area km 2	Licencee
Namibia	EPL3668 *	Erongo Namibia	Namib Naukluft National Park	Granted	247	Nova Energy (Namibia) (Pty) Ltd (Toro)
Namibia	EPL3669 *	Erongo Namibia	Namib Naukluft National Park	Granted	218	Nova Energy (Namibia) (Pty) Ltd (Toro)
Namibia	EPL3670 *	Erongo Namibia	Namib Naukluft National Park	Granted	858	Nova Energy (Namibia) (Pty) Ltd (Toro)

LICENSEE	AGREEMENT FOR ACCESS
Minex (Aust) Pty Ltd (Oxiana)	Tenements Access Agreement (uranium only)
Minotaur Operations Pty Ltd	Uranium Access Agreement
Minotaur Uranium Pty Ltd	Wholly owned subsidiary of Toro Energy Ltd
Wiluna Operations Ltd	Agreement for Sale and Usage dated 27th April 2005, between Nova Energy Ltd (which is now a wholly owned subsidiary of Toro Energy Ltd) and Agincourt Resources Ltd. Wiluna Operations changed its name on 26th November 2007 to Oxiana Wiluna Ltd, which then became a proprietary company on 11th January 2008
Deep Yellow Limited	Napperby Option Agreement dated 4th May 2007 between Deep Yellow Limited and Toro Energy Ltd
Nova Energy Ltd	Wholly owned subsidiary of Toro Energy Ltd
Oxiana Wiluna Pty Ltd	Agreement for Sale and Usage dated 27th April 2005, between Nova Energy Ltd (which is now a wholly owned subsidiary of Toro Energy Ltd) and Agincourt Resources Ltd (a wholly owned subsidiary of OZ Minerals)

* Toro Energy has 100% direct equity interest in exploration licence.
\# Toro Energy has 100% rights to uranium interests through JV agreements.

Toro Energy Limited Licences - Northern Territory

State	Licence Information		Toro Energy Project Area	Status	Area sq km	Tenement Licensee
	Tenement	Tenement Name				
NT	EL24246 *	Napperby East	NAPPERBY	Granted	774.9	Deep Yellow Ltd
NT	EL24606 *	Napperby West	NAPPERBY	Granted	627.9	Deep Yellow Ltd
NT	EL25047 #	Amadeus Waterhouse	AMADEUS WATERHOUSE	Granted	745.9	Nova Energy Ltd (Toro)
NT	EL25049 #	Amadeus West	AMADEUS WEST	Granted	91.7	Nova Energy Ltd (Toro)
NT	EL25050 #	Amadeus West	AMADEUS FINKE	Granted	1550.68	Nova Energy Ltd (Toro)
NT	EL25051 #	Amadeus West	AMADEUS FINKE	Granted	1530.55	Nova Energy Ltd (Toro)
NT	EL25052 #	Amadeus West	AMADEUS FINKE	Granted	1363.97	Nova Energy Ltd (Toro)
NT	EL26265 #	Haverson Pass	REYNOLDS RANGE	Granted	136.58	Toro Energy Ltd
NT	EL26287 #	Mount Denison	REYNOLDS RANGE	Granted	773.55	Toro Energy Ltd
NT	EL26438 #	Lander River	REYNOLDS RANGE	Granted	233.8	Toro Energy Ltd
NT	EL26478 #	Western Ck	REYNOLDS RANGE	Granted	526.44	Toro Energy Ltd
NT	EL26542 #	Sandover	SANDOVER-PLENTY	Granted	269.1	Toro Energy Ltd
NT	EL26545 #	Derry Downs	SANDOVER-PLENTY	Granted	485.03	Toro Energy Ltd
NT	EL26704 #	Ingellina Gap	REYNOLDS RANGE	Granted	942.5	Toro Energy Ltd
NT	EL26827 #	Red Rock	SANDOVER-PLENTY	Granted	104.7	Toro Energy Ltd
NT	EL26848 #	Walabanba	REYNOLDS RANGE	Granted	573	Toro Energy Ltd
NT	ELA25045 #	n/a	AMADEUS WEST	Application		Nova Energy Ltd (Toro)
NT	ELA25046 #	n/a	AMADEUS WEST	Application		Nova Energy Ltd (Toro)
NT	ELA25048 #	n/a	AMADEUS WEST	Application		Nova Energy Ltd (Toro)
NT	ELA26270 #	Granite Dome	BIRRINDUDU	Application	259.97	Toro Energy Ltd
NT	ELA26271 #	Browns Range North	BIRRINDUDU	Application	487.91	Toro Energy Ltd
NT	ELA26279 #	Giles	REYNOLDS RANGE	Application	769.37	Toro Energy Ltd
NT	ELA26286 #	Browns Range	BIRRINDUDU	Application	194.82	Toro Energy Ltd
NT	ELA26532 #	Highland Rocks	REYNOLDS RANGE	Application	134.23	Toro Energy Ltd
NT	ELA26550 #	Iwupataka	ALICE SPRINGS	Application	302.5	Toro Energy Ltd
NT	ELA26600 #	Ledan	SANDOVER-PLENTY	Application	225.6	Toro Energy Ltd
NT	ELA26601 #	Tanami West	TANAMI	Application	80	Toro Energy Ltd
NT	ELA26632 #	Dead Bullock	TANAMI	Application	29.08	Toro Energy Ltd
NT	ELA26634 #	Tanami	TANAMI	Application	41.94	Toro Energy Ltd
NT	ELA26635 #	Farrands Hills	TANAMI	Application	138.9	Toro Energy Ltd
NT	ELA26636 #	Tanami Flat	TANAMI	Application	64.59	Toro Energy Ltd
NT	ELA26638 #	The Granites South	TANAMI	Application	54.83	Toro Energy Ltd
NT	ELA26639 #	The Granites East	TANAMI	Application	116.13	Toro Energy Ltd
NT	ELA26640 #	The Granites West	TANAMI	Application	35.5	Toro Energy Ltd
NT	ELA26674 #	The Granites	TANAMI	Application	112.9	Toro Energy Ltd
NT	ELA26740 #	Mount Barkly	REYNOLDS RANGE	Application	1372	Toro Energy Ltd
NT	ELA26861 #	Coast Range	ARNHEM LAND	Application	13.89	Toro Energy Ltd
NT	ELA26987 #	Wini Hills	REYNOLDS RANGE	Application	823.7	Toro Energy Ltd
NT	ELA26988 #	Windajong	REYNOLDS RANGE	Application	411.3	Toro Energy Ltd
NT	ELA27000 #	Mana Range	BIRRINDUDU	Application	58.44	Toro Energy Ltd
NT	ELA27001 #	Ware range	BIRRINDUDU	Application	208.1	Toro Energy Ltd
NT	ELA27052 #	MacDonald Downs	SANDOVER-PLENTY	Application	237.36	Toro Energy Ltd
NT	ELA27115 #	Anningie	REYNOLDS RANGE	Application	1071.89	Toro Energy Ltd
NT	ELA27123 #	Jarra Jarra	REYNOLDS RANGE	Application	1581	Toro Energy Ltd
NT	ELA27138 #	Cooloola	REYNOLDS RANGE	Application	1524.76	Toro Energy Ltd
NT	ELA27152 #	Corroboree Bore	REYNOLDS RANGE	Application	124.8	Toro Energy Ltd
NT	ELA27182 #	Palm Valley	AMADEUS	Application	458.6	Toro Energy Ltd
NT	ELA27183 #	Caldwell	AMADEUS	Application	263.99	Toro Energy Ltd

Toro Energy Limited Licences - Western Australia

State	Tenement	Tenement Name	Toro Energy Project Area	Status	Area sq km	Tenement Licensee
WA	E80/3837 *		LAKE MACKAY	Application	235.2	Nova Energy Ltd (Toro)
WA	E80/4024 *		TANAMI	Application	51.71	Toro Energy Ltd
WA	E80/4044 *		TANAMI	Application	64.74	Toro Energy Ltd
WA	E80/4075 *		TANAMI	Application	9.69	Toro Energy Ltd
WA	E80/4200 *	Billiluna/Tanami Desert	TANAMI	Application	100.2	Toro Energy Ltd
WA	E80/4201 *	Watts Rise	TANAMI	Application	109.9	Toro Energy Ltd
WA	E80/4203 *	Killi Killi North	TANAMI	Application	51.73	Toro Energy Ltd
WA	L53/150 *	Borefield	WILUNA	Application	123.2	Nova Energy Ltd (Toro)
WA	M53/1090 *		WILUNA	Application	23.3	Nova Energy Ltd (Toro)
WA	E53/1132 *	Wiluna	WILUNA	Granted	42	Nova Energy Ltd (Toro)
WA	E53/1168 #	Wiluna	WILUNA	Granted	25	OZ Minerals Wiluna Pty Ltd
WA	E53/1287 #	Camel Soak	WILUNA	Granted	25.55	OZ Minerals Wiluna Pty Ltd
WA	E53/1288 #	Lake Uramurdah West	WILUNA	Granted	8.243	OZ Minerals Wiluna Pty Ltd
WA	E53/1296 #	Lake Way	WILUNA	Granted	1.988	OZ Minerals Wiluna Pty Ltd
WA	E80/3483 #		LAKE MACKAY	Granted	41.3	Oxiana Wiluna Pty Ltd (OZ)
WA	E80/3484 #		LAKE MACKAY	Granted	218.7	Oxiana Wiluna Pty Ltd (OZ)
WA	E80/3485 #		LAKE MACKAY	Granted	218.6	Oxiana Wiluna Pty Ltd (OZ)
WA	E80/3486 #		LAKE MACKAY	Granted	218.83	Oxiana Wiluna Pty Ltd (OZ)
WA	E80/3519 #		LAKE MACKAY	Granted	221.82	Oxiana Wiluna Pty Ltd (OZ)
WA	E80/3580 *		LAKE MACKAY	Granted	218.38	Nova Energy Ltd (Toro)
WA	E80/3581 *		LAKE MACKAY	Granted	221.55	Nova Energy Ltd (Toro)
WA	E80/3582 *		LAKE MACKAY	Granted	199.48	Nova Energy Ltd (Toro)
WA	E80/3583 *		LAKE MACKAY	Granted	142.38	Nova Energy Ltd (Toro)
WA	E80/3584 *		LAKE MACKAY	Granted	215.31	Nova Energy Ltd (Toro)
WA	E80/3585 *		LAKE MACKAY	Granted	215.13	Nova Energy Ltd (Toro)
WA	E80/3586 *		LAKE MACKAY	Granted	205.69	Nova Energy Ltd (Toro)
WA	E80/3587 *		LAKE MACKAY	Granted	221.5	Nova Energy Ltd (Toro)
WA	E80/3588 *		LAKE MACKAY	Granted	221.62	Nova Energy Ltd (Toro)
WA	E80/3589 *		LAKE MACKAY	Granted	221.45	Nova Energy Ltd (Toro)
WA	M53/113 #	Lake Way South	WILUNA	Granted	4.8	OZ Minerals Wiluna Pty Ltd
WA	M53/121 #	Lake Way West	WILUNA	Granted	6.59	OZ Minerals Wiluna Pty Ltd
WA	M53/122 #	Lake Way West(Red Lady)	WILUNA	Granted	9.13	OZ Minerals Wiluna Pty Ltd
WA	M53/123 #	Lake Way	WILUNA	Granted	9.32	OZ Minerals Wiluna Pty Ltd
WA	M53/147 #	Lake Way South	WILUNA	Granted	7.2	OZ Minerals Wiluna Pty Ltd
WA	M53/224 #	Lake Way	WILUNA	Granted	8.4	OZ Minerals Wiluna Pty Ltd
WA	M53/253 #	Lake Way	WILUNA	Granted	9.7	OZ Minerals Wiluna Pty Ltd
WA	M53/45 #	Lake Way West	WILUNA	Granted	6.59	OZ Minerals Wiluna Pty Ltd
WA	M53/49 #	Lake Way West	WILUNA	Granted	5.4	OZ Minerals Wiluna Pty Ltd
WA	M53/796 #	Lake Way	WILUNA	Granted	9.55	OZ Minerals Wiluna Pty Ltd
WA	M53/797 #	Lake Way	WILUNA	Granted	9.51	OZ Minerals Wiluna Pty Ltd
WA	M53/798 #	Lake Way	WILUNA	Granted	5.69	OZ Minerals Wiluna Pty Ltd
WA	M53/910 #	Lake Way	WILUNA	Granted	2.12	OZ Minerals Wiluna Pty Ltd
WA	P53/1023 #	Monavale	WILUNA	Granted	1.82	OZ Minerals Wiluna Pty Ltd
WA	P53/1350 #	Lake Uramurdah West	WILUNA	Granted	0.9891	OZ Minerals Wiluna Pty Ltd
WA	P53/1351 #	Camel Soak	WILUNA	Granted	0.1676	OZ Minerals Wiluna Pty Ltd
WA	P53/1352 #	Lake Uramurdah West	WILUNA	Granted	0.2224	OZ Minerals Wiluna Pty Ltd
WA	P53/1355 #	Lakes	WILUNA	Granted	1.78	OZ Minerals Wiluna Pty Ltd
WA	P53/1356 #	Lakes	WILUNA	Granted	1.75	OZ Minerals Wiluna Pty Ltd
WA	P53/1357 #	Lakes	WILUNA	Granted	1.92	OZ Minerals Wiluna Pty Ltd
WA	P53/1358 #	Lakes	WILUNA	Granted	1.92	OZ Minerals Wiluna Pty Ltd
WA	P53/1359 #	Lakes	WILUNA	Granted	1.86	OZ Minerals Wiluna Pty Ltd
WA	P53/1360 #	Lakes	WILUNA	Granted	1.84	OZ Minerals Wiluna Pty Ltd
WA	P53/1369 #		WILUNA	Granted	1.408	OZ Minerals Wiluna Pty Ltd
WA	P53/1370 #		WILUNA	Granted	1.867	OZ Minerals Wiluna Pty Ltd
WA	P53/1371 #		WILUNA	Granted	1.863	OZ Minerals Wiluna Pty Ltd
WA	P53/1372 #		WILUNA	Granted	1.48	OZ Minerals Wiluna Pty Ltd
WA	P53/1373 #		WILUNA	Granted	1.659	OZ Minerals Wiluna Pty Ltd
WA	P53/1374 #		WILUNA	Granted	1.695	OZ Minerals Wiluna Pty Ltd
WA	P53/1396 #	Lakes	WILUNA	Granted	1.91	OZ Minerals Wiluna Pty Ltd
WA	P53/1397 #	Lakes	WILUNA	Granted	1.44	OZ Minerals Wiluna Pty Ltd

5 / Business and Corporate Development

OVERVIEW

Toro Energy is continuing activities in three key growth areas: Project Development, Exploration and Business Development.

The Company continues to review opportunities with respect to possible joint ventures, alliances and equity investments. Where Toro Energy believes there is a value proposition it will pursue these opportunities.

STRATEGY

Toro Energy's key aim is: "to become a significant sustainable uranium producer".

The aim of the Business Development group is to assist Toro Energy down this path and enable it to evolve from its current small-cap exploration and project development status into a mid tier uranium producer. The strategy is aimed at building a pipeline of projects to make this mid-tier production level sustainable for 15-20 years from multiple projects, to enable Toro Energy to market uranium on long term contracts into the global nuclear fuel industry.

One of the essential aims of Toro Energy is to move to a producer status and the company is focused on achieving this as soon as possible, and adding value to potential projects.

RECENT INITIATIVES

Toro Energy Business Development section has been involved with the following key initiatives during the year:

- capital raising through a Rights Issue to shareholders in October last year;
- JV with Deep Yellow Limited over Toro Energy's Namibian exploration tenements;
- development of project or tenement acquisition proposals;
- economic and market models for Toro Energy project evaluations; and
- ongoing discussions regarding project opportunities.

Toro Energy has received considerable interest in its Australian uranium assets from various investment entities, in line with the nuclear power industry development and expansion objectives currently underway in a number of countries.

CAPITAL RAISING

On 1 October 2008, Toro Energy announced a 1 for 3.8 renounceable rights issue to raise $26m. The issue price was set at $0.20/share, a 19% discount to the 30 day volume weighted average at that time.

As part of our preparations for the capital raising, Toro Energy secured support from OZ Minerals Ltd to subscribe for its full entitlement, which at the time represented 46% of Toro Energy's issued capital. This resulted in the rights issue being half underwritten and allowed Toro Energy to move ahead with its development plans with confidence.

Due to the broader market environment and the fact the Toro Energy rights issue price was above the market price during most of the offer period, take up by other shareholders was limited. The issue raised A$12.2m and allowed Toro Energy to continue with the optimisation study at Wiluna, undertake the scoping study at Napperby and to advance exploration at Lake Mackay and other priority greenfields exploration targets.

By December 2008 OZ Minerals Ltd's shareholding in Toro Energy increased to 51.7% due to the lack of take-up of rights by other shareholders. A Deed of Undertaking, valid until 30 June 2009, was put in place which committed OZ Minerals to not vote in excess of its pre-rights issue interest (46%) on any resolution.

Since that time, and prior to year end, OZ Minerals undertook a sale of 1.8% of its position to remain at 49.9% shareholding, in line with its previously stated corporate aims. At this time OZ Minerals re-iterated its strong support for Toro Energy and its corporate objectives.

PROJECT FUNDING

Toro Energy is ensuring that it retains several funding options going forward to finance its project development, exploration and corporate opportunities. These could include strategic investors, equity markets, off-take agreements and debt funding.

Subsequent to year end, Toro Energy put in place an Equity Line of Credit ("ELOC") with YA Global Master SPV Ltd of the US. At Toro's discretion, this may provide A$20m at call as the Company advances its plans (refer to ASX Release of 18 August 2009). The facility provides an underpinning to other future funding opportunities.

Toro Energy has announced exploratory discussions with potential partners connected to the nuclear power industry and other significant investors. Currently none of these discussions is concluded, nor advanced to the stage where any announcement is possible.

The Company has held exploratory meetings with nuclear power company uranium purchasing groups to establish early indications of interest in uranium off-take agreements, under long term contract basis. The Company has been encouraged at the level of

interest, especially by the larger utility buyers. There appears to be a growing understanding in this group that new uranium production is required for future market demand, and an increasing recognition of the incentive pricing required to ensure this.

INDUSTRY CONSOLIDATION

Toro Energy has previously stated the necessity for industry consolidation to assist the development of sustainable uranium production enterprises. Toro Energy believes a strategy to form an Australian uranium producer with multiple sources of supply in various Australian jurisdictions is one which the broader global nuclear utility industry will strongly support. We believe the key attributes which utility uranium buyers look for include:

- political stability in the country of supply;
- an experienced regulatory and NGO base in the country, to ensure environmental and social sustainability of supply;
- multiple sources of supply; and
- a production profile of at least ten years.

Toro Energy believes it is this structure that will enable premium priced long term contracts to support the establishment and operation of small to medium sized uranium production centres.

As any uranium project, no matter its size, requires similar effort to establish and operate in terms of approval processes, community consultation and regulatory requirements, having an experienced team developing multiple projects is an ideal outcome.

Toro Energy's current focus is on deposits which can fulfill this strategy (unless accretive to currently held projects) with a focus on projects with high uranium grade tenor and low project execution risk.

In summary, Toro Energy aims to achieve the following objectives with any acquisition:

1. deepen the project pipeline to provide for progressive commissioning dates;
2. diversify the risk profile to enable production from a number of operations;
3. focus on low to medium cost operations either close to existing infrastructure or with simple process flow sheet characteristics; and
4. increase exposure to projects with a high grade tenor to ensure long term economic robustness of the Company's project portfolio.

ENVIRONMENT & SOCIAL POLICY

Toro Energy's Environment and Social Policy is to:

- ensure all employees and contractors understand that a commitment to best environmental and social practice is crucial to the growth and sustainability of our business;
- comply with all applicable legislation and legal requirements in all locations where we operate;
- involve affected communities by discussing the development of work programs and communicating activities; and
- monitor and improve our environmental and social performance.

To support this policy we have adopted the following practices for our current exploration and project development activities:

- minimise clearing of local vegetation prior to exploration activity;
- implement adequate controls on fuels and other chemicals used in drilling;
- cap and make safe drillholes;
- construct the minimum number of access tracks;
- eliminate the transport of weeds or other exotic species between regions;
- apply best practical methods known and available to the company during exploration, particularly with respect to uranium;
- rehabilitate land affected by exploration with the aim of returning it to its previous use;
- train employees and assist contractors to achieve the above environmental aims

WILUNA PROJECT

Lake Way/Centipede Uranium Deposits

Community Consultation and Approvals

The change of State Government in Western Australia and the subsequent favourable change in policy regarding uranium mining has meant an increase in community consultation work.

In 2008 briefings were held with senior Government advisors (both WA and Federal), WA Government regulators, the Wiluna Shire and Traditional Owner representatives regarding uranium mining and Toro Energy's plans for the Wiluna deposits. In 2009 further briefings have occurred on an officer level and with the local community at Wiluna. Toro Energy has been actively cooperating in the region with BHP-Billiton and Mega Uranium to improve community awareness of uranium mining and developing innovative projects with the Wiluna community. Toro Energy has also actively engaged with the WA Chamber of Mines and the Australian Uranium Association to assist in public awareness and community forums.

Consultants have been engaged to gather community baseline information that will feed into a social impact assessment. Similarly, assistance has been engaged to manage the project approvals process.

Community Meetings held include:

- meetings at Wiluna with Traditional Owners and Central Desert Native Title Services, where the drilling and proposed resource test pit was discussed and reviewed;
- a visit to the drilling operations at Centipede;
- monitor visits to Lake Way deposit;
- discussions with Traditional Owners regarding further information on uranium mining, radiation and mining impacts; and
- discussions with the Wiluna Shire on Regional Participation.

NAPPERBY PROJECT

Community Consultation

Consultation continued with Traditional Owner groups, the Central Land Council and the Northern Territory Government in regard to project progress, and how a possible viable uranium project may be developed at Napperby and the required approvals pathway.

A meeting with the Laramba Community attracted more than 70 people in September 2008. After a short briefing about general uranium exploration and mining, a visit was made to the Napperby site to see a sonic drill rig in action.

In late 2008 meetings were held with the NT DRDPIFM (Department of Resource Development, Primary Industry, Fisheries and Mines), the newly formed Central Desert Shire Council, and the Central Land Council to update on further work.

Figure 6-01 : Toro Energy sponsored the local football team - "Wiluna Martu Eagles"

EXPLORATION PROJECTS

Community Consultation

During the year, Toro Energy staff attended a number of meetings arranged by the Central Land Council to facilitate a good working relationship and the development of Exploration Agreements with Traditional Owners over tenements in the Northern Territory. Overall, relations with Traditional Owners and the Central Land Council are in good stead and Toro Energy is committed to negotiating Exploration Agreements wherever Traditional Owners are supportive. Toro Energy is reluctant to explore where there is no ongoing Indigenous support.

Meetings have been held for the following tenement applications: ELAs 26987 and 26740 (Reynolds Range project, ALRA); ELAs 26635 and 26634 (Tanami project, ALRA); and ELA 26550 (Amadeus project; ALRA; refused and is now in moratorium). In addition, a meeting was arranged to discuss access onto the following native title-affected tenements ELs 26827, 26826 and 26828. The latter two applications were withdrawn on advice from Traditional Owners prior to grant, to allow access to EL26287. This is considered a good outcome for all parties.

Toro Energy staff also attended a liaison meeting with Traditional Owners for the Lake Mackay project, convened by the representative body, Central Desert Native Title Services. Relations here are also harmonious and have enabled Toro Energy to undertake reconnaissance exploration and commit to drilling programs later in 2009, in an area that has not previously received any substantial exploration. Some local people from the Kiwirrkurra community will be undertaking work with Toro Energy exploration teams.

ENVIRONMENTAL

- At Wiluna the company has collected baseline environmental and baseline radiological data, established a weather station and made an assessment of the environmental impacts of a mining and processing operation in preparation for later project development.
- Similarly at Napperby, the company is in the process of collecting preliminary baseline environmental and radiological data for input into a scoping study, as the basis for directing future environmental work.

SAFETY

Toro Energy Limited is committed to provide all employees, contractors and local residents with the best occupational health and safety outcome as an integral part of a uranium mining company. The health, safety and welfare of employees is a fundamental aspect of efficient business practice. We strive to create a culture where safety is a core value and every individual takes responsibility for their own actions.

- Toro Energy continues to maintain the highest level of attention to employee and contractor safety with continuous monitoring of radiation exposures of those people working in the field and regular reinforcement of safe working practices.
- TLD badges worn by employees and contractors working on field exploration programs indicate the additional radiation dose to all personnel was much less than one milliSeivert (mSv) per annum. This is well below the limits set by the International Commission on Radiological Protection of 100mSv over five years (an average of 20mSv a year) or a maximum of 50mSv in any one year.
- One lost time injury occurred during the year: an employee suffered a bruised wrist when he slipped over performing a task.

financial report
for the year ended 30 June 2009

Your directors submit their report for the year ended 30 June 2009.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Ms Erica Smyth	Chair
Appointed Chair 30 April 2009	
Mr Greg Hall	Managing Director
Mr Derek Carter	Non Executive Director
Mr Peter Lester	Non Executive Director
Mr Jeff Sells	Non Executive Director
Mr John Nitschke	Non Executive Director
Appointed 15 June 2009	
Mr Ian Gould	Chair
Retired 30 April 2009	
Mr Mick Myers	Non Executive Director
Appt 6 Nov 08 Retired 15 Jun 09	

Names, qualifications, experience and special responsibilities

Ms Erica Smyth, MSc, FAICD (Non-Executive Chair)

Ms Smyth was appointed to the Board on 30 October 2007, as Chair on 30 April 2009 and has over 35 years experience in the mineral and petroleum industries. She was a Principal Geologist for BHP Minerals Limited, Manager Gas Business Development WA for BHP Petroleum and, until 2004, General Manager – External Affairs for Woodside Petroleum Limited. Ms Smyth is also the Chair of Scitech, ScreenWest and the Diabetes Research Foundation of WA. She is a Member of the Board of the Australian Nuclear Science and Technology Organisation (ANSTO) and the Cooperative Research Centre for Sustainable Resource Processing. Erica is a Fellow of the Australian Institute of Company Directors.

Mr Greg Hall, BEng (Managing Director)

Greg Hall is a Mining Engineer with 28 years experience in the resources industry, including 20 years in the uranium industry in senior marketing, operational management and MD roles. Mr Hall was previously Director Sales – Bauxite and Alumina with Comalco, a member of the Rio Tinto group, which he joined in 2004. Prior to this he held the role of Marketing Manager (North America) for ERA Ltd from 2000 to 2004, including a period of one year managing business improvement processes at its Ranger project. He was Manager – Mining of ERA Ltd's Ranger and Jabiluka operations, and 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 Underground Manager and Mining Manager. He undertook a secondment to LKAB's iron ore mining operations in Sweden in 1992/93. Mr Hall has been Managing Director of Toro Energy since March 2006.

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

Derek Carter is a geologist with over 39 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 he was General Manager-Exploration for Burmine Ltd before establishing Minotaur Gold NL in 1993. He formed Minotaur Resources Ltd in 2000 and Minotaur Exploration Ltd in 2005, and he was Managing Director of all these groups at their inceptions. He is currently the Managing Director of Minotaur Exploration Ltd. He is a member of the Boards of Mithril Resources Ltd, Petratherm Ltd (Chairman) and the Resources Industry Development Board, and is a member of the South Australian Experts Group (Resources). He is a Councilor of the South Australian Chamber of Mines & Energy. In 2003 he became the Prospector of the Year (jointly awarded) and was awarded a Centenary Medal. In July 2007, he was appointed Chairman of the Minerals Exploration Advisory Group.

Mr John Nitschke, BE(Hons) MSc DIC FAusIMM(CP) GAICD (Non-Executive Director)

John Nitschke was appointed to the Board on 15 June 2009 and is a mining engineer with over 35 years experience in the resources industry in mining operations and project management. Mr Nitschke is currently the Executive General Manager Projects & Technical Services for OZ Minerals responsible for all major development projects and viability studies within the Group together with Technical Services and Sustainability issues. Mr Nitschke has previously worked on development, optimizing and permitting projects for MIM Holdings and Normandy. He is a member of the Company's audit committee.

Mr Peter Lester, BEng (Mining – Hons) (Non-Executive Director)

Mr Lester was appointed to the Board on 30 October 2007 having previously served on the Nova Energy Board. He is a mining engineer with extensive experience in senior operating, development and corporate roles with Newcrest, North, CRA and MIM. His activities have covered Australia, South East Asia and the Americas and include a period in broking on both the research and corporate desks. Mr Lester was OZ Mineral's Executive General Manager Business Development, and is currently an advisor in the areas of corporate development and project studies.

Mr Jeff Sells, BBus (Accounting), CA, CFTP (Non-Executive Director)

Mr Sells was appointed to the Board on 30 October 2007 and has over 20 years financial management experience, currently acting as Chief Financial Officer of Citadel Resource Group Ltd. Prior to this Mr Sells was Chief Financial Officer of Oxiana Limited for over 4 years supporting the company's growth up until the merger with Zinifex Limited to create OZ Minerals Limited. Prior to this Mr Sells spent 10 years at Ashton Mining Limited in senior financial positions and two years as Group Treasurer at pharmaceuticals company, Sigma Company Limited. He has extensive experience with mining operations in Australia, Africa and South East Asia, and a background in general management, accounting, tax, treasury and corporate finance.

He is a Chartered Accountant, and member of the Australian Institute of Company Directors. He is Chairman of the Company's audit committee.

Dr Ian Gould, BSc (Hons), PhD (Geology), FAusIMM, FTSE, CompIEAust (Non-Executive Chairman - Retired)

Dr Gould has over 37 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 a non-executive director of Western Metals Ltd from 2000.

He was also President of the Australasian Institute of Mining and Metallurgy in 2004 and 2005. Dr Gould is currently Chairman of the Australian Institute of Marine Science, St. Andrew's Hospital in Adelaide, the CSIRO's Minerals Sector Advisory Committee, and the South Australian Minerals and Petroleum Expert Group (SAMPEG). He is the Chancellor of the University of South Australia, a member of the Royal Flying Doctor Service (Central Operations) Board, and the South Australian Resources Industry Development Board, Premier's Science and Research Council and Economic Development Board. Dr Gould retired from the Toro Energy Board on 30 April 2009.

Mr Mick Myers, BBus(Accounting), ACA, (Non-Executive Director - Retired)

Mr Myers was appointed to the Board on 6 November 2008 and at the time was the Group Manager, Corporate Accounting at OZ Minerals. Previously Mr Myers was with Deloitte as an Audit Principal specialising in IFRS advisory services, Enterprise Risk services and Forensic services. Mr Myers retired from the Toro Energy Board on 15 June 2009.

Company Secretary

Donald Stephens, BA (Acc), FCA

Donald Stephens is a Chartered Accountant and corporate adviser with over 20 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a non-executive director of Mithril Resources Ltd and Papyrus Australia Ltd and is Company Secretary to Minotaur Exploration Ltd, Mithril Resources Ltd and Petratherm Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations. He is a member of the Company's audit committee.

DIVIDENDS

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were:

- Exploration and assessment of tenement portfolio;
- Expansion and improvement of the company's JORC Resource base;
- Advancing pre-feasibility and scoping studies at Wiluna and Napperby;
- Review and execution of value-adding corporate or project acquisitions.

OPERATING RESULTS FOR THE YEAR

The Group's net loss after income tax was $69,716,148 (2008: $4,792,541 Loss) which includes a $67,064,784 non-cash impairment resulting from decisions to cease exploration activities over 25 tenements within the Group's total portfolio of 103 tenements.

OPERATIONS OVERVIEW

During the financial year 2008/09, Toro Energy Limited ("Toro Energy") continued to advance its uranium resource projects at Wiluna in Western Australia and Napperby in the Northern Territory, along with exploration in South Australia, WA, NT and Namibia in Africa. Toro Energy is moving rapidly along it's strategic path to advance projects towards production, explore priority exploration tenements and evaluate project acquisition opportunities.

Directors' Report

Although the financial markets created some difficult conditions, the rights issue capital raising Toro Energy undertook during October 2008 added A$12.2m to the Company, due to Toro Energy's major shareholder OZ Minerals taking up their full rights. This allowed continued project development and exploration work throughout the year.

Toro Energy completed and announced positive economic results of its Pre-Feasibility Study into the Wiluna Project (incorporating the Lake Way and Centipede deposits) in September 2008 and immediately commenced consultation with WA and Federal Government departments regarding the approvals process and engaging and communicating with local native title claimants, and the broader local communities, regarding the project.

A resource and technical optimisation study over the Wiluna Project was completed subsequent to year end, with project economics improved beyond levels targeted. This will allow the Toro Energy Board to make decisions on formal project approvals and commencement of the full feasibility and engineering design study later this year.

A new resource estimate which doubled the size of the Napperby Uranium Project resource, near Alice Springs NT, was released in February 2009. Scoping study work on the project has been compiled, and a review of project size and process route options is underway. Local and business community meetings were held at Napperby and Alice Springs regarding ongoing resource drilling and future plans. Based on economic outcomes and future funding, Toro Energy will continue to evaluate ways forward for this project.

During the year Toro Energy commenced on-ground work at its promising Lake Mackay uranium exploration area on the WA / NT border. After completion of heritage surveys, new airborne magnetic and radiometric surveys were undertaken, along with field mapping and soil sampling. Targets for drilling have been confirmed. In addition Toro Energy was successful in obtaining a $75,000 drilling support grant under the WA Government exploration support scheme.

Following a review of its African exploration interests, Toro Energy withdrew its interest in its Morocco exploration rights, and relinquished its uranium exploration tenement holdings in Guinea. A JV was established with Deep Yellow's Namibian subsidiary, Reptile, over Toro Energy's majority owned and very prospective Namibian exploration tenements. In this, Reptile will spend A$3.5m over the next two and a half years to earn a 65% interest. Toro Energy will retain 25% while a Namibian black empowerment enterprise, Sixzone Investments, retains 10%.

Exploration work was completed at the Radium Hill area, the Warrior Project in SA and on various exploration tenements in NT and WA. Toro Energy took the decision to relinquish the JV's over the Warrior project due to other exploration and project priorities. Magnetic targets were defined on the Napperby exploration licenses separate from the current Napperby resource, and Toro Energy and Deep Yellow are discussing jointly assessing the exploration potential.

During March 2009, Toro Energy's inaugural Chairman Dr Ian Gould advised the Toro Energy Board of his intention to retire as Chairman of the Company. The Board and staff of Toro Energy praised his leadership and guidance over the very important formative years of the Company. It was during Dr Gould's tenure that Toro Energy grew from a pure South Australian focussed explorer to a diverse resource development group with uranium projects nearing development decision.

The Toro Energy Board was pleased to announce Erica Smyth's election to the Chair of the Toro Energy Board from the conclusion of the Board meeting on 30 April 2009. Erica was previously the Chair of Nova Energy, and subsequently joined the Toro Energy Board as a Non-Executive Director. Her experience in executive and corporate roles within the minerals industry, along with her significant knowledge of Western Australian business, provides valuable support to Toro Energy's project feasibility and development work. Her appointment to the Board of the Australian Nuclear Science and Technology Organisation (ANSTO) during the year was strong recognition of the regard to which she is held within the industry.

At a time when many of its peers were downsizing or "holding ground", the Toro Energy work level has expanded over the year. Toro Energy has for some time been acting and thinking like a project development and future mining group and is now developing the future project structures to take its near production asset at Wiluna forward. Toro Energy strongly believes that the best value it can provide shareholders is to have uranium for sale into the market from 2012 onwards, while maintaining Toro Energy's growth and exploration potential.

BUSINESS DEVELOPMENT

On 1 October 2008, Toro Energy announced a rights issue and raised A$12.2m which allowed Toro Energy to continue with the optimisation study at Wiluna, undertake the scoping study at Napperby and to advance exploration at Lake Mackay and other priority greenfields exploration targets.

Subsequent to year end, Toro Energy put in place an Equity Line of Credit with YA Global Master SPV

Ltd of the US. At Toro's discretion, this may provide A$20m at call as the Company advances its plans, refer to note 24. This facility provides an underpinning to other future funding opportunities.

Toro Energy is ensuring that it retains several funding options going forward to finance its project development, exploration and corporate opportunities. These could include strategic investors, equity markets, off-take agreements and debt funding.

The Company has held exploratory meetings with nuclear power company uranium purchasing groups to establish early indications of interest in uranium off-take agreements, under long term contract basis.

The Company continues to review opportunities with respect to possible joint ventures, alliances and equity investments and where Toro Energy believes there is a value proposition it will pursue these opportunities.

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Group has established an audit, risk and compliance committee to address risk management.

The Group has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the group's objectives and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non financial nature.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 18 August 2009 Toro Energy announced the execution of a (AUD) $20 million equity placement facility with YA Global Master SPV Ltd (YA Global). Subject to terms and conditions of the facility, Toro Energy may, at its discretion, issue shares to YA Global at any time from 18 August 2009 for a period of 5 years, up to a total of $20 million. Toro Energy may draw down up to (AUD) $500,000 in any period of 10 trading days with a commission of 5% being payable to YA Global at the time of each share issue.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company intends to continue to undertake appropriate exploration and evaluation expenditure enabling it to maintain good title to all its prospective mineral properties until proper decisions can be made to successfully develop and exploit, sell or abandon such properties. New projects will be sought and evaluated. Provision of any further information may result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the period under review the majority of work carried out was in Northern Territory, South Australia and Western Australia and the entity followed procedures and pursued objectives in line with guidelines published by the relevant State Governments. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The entity supports this approach and is confident that it diligently monitors and adheres to these objectives, and any local conditions applicable.

Environmental and Social Policy

Sustainable exploration, development and mining are attainable by carefully managed activities and processes which have little or no lasting impact on the environment. Toro Energy is committed to minimising environmental and social impacts of its activities.

Toro Energy's Environment and Social Policy is to:

- Understand that a commitment to best environmental and social practice is crucial to the growth and sustainability of our business;
- Comply with all applicable legislation and legal requirements in all states where we operate;
- Involve affected communities by discussing the development of work programs and communicating activities;
- Monitor and endeavor to continuously improve our environmental and social performance.

To support this policy we will adopt the following practices:

Environment

- Minimise clearing of local vegetation prior to exploration activity
- Implement adequate controls on fuels and other chemicals used in drilling
- Cap and make safe drill holes
- Construct the minimum number of access tracks
- Eliminate the transport of weeds or other exotic species between regions
- Apply best practical methods known and available to the company during exploration, particularly with respect to uranium
- Rehabilitate land affected by exploration with the aim of returning it to its previous use
- Train employees and assist contractors to achieve the above environmental aims

Social

- Recognise that local people have significant environmental knowledge of areas to be explored
- Communicate with relevant local residents, farm or pastoral property owners and occupiers, Aboriginal groups and local authorities regarding access and work programs
- Respect the rights, cultural beliefs, and relevant concerns of all parties having a legitimate interest in land proposed for exploration
- Minimise the impacts of exploration activities wherever possible
- Consult with land users, owners, lessees and with Government authorities to ensure that statutory and other requirements are known

SHARE OPTIONS

Unissued Shares

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2008	Net Issued/ (lapsed) during Year	Balance at 30 June 2009
24/03/2006	3/23/2011	$0.40	4,000,000	-	4,000,000
01/04/2006	3/31/2011	$0.35	2,000,000	-	2,000,000
01/04/2006	3/31/2012	$0.45	1,000,000	-	1,000,000
27/09/2006	9/26/2011	$0.65	500,000	-	500,000
12/12/2006	12/11/2011	$0.88	440,000	-	440,000
19/03/2007	3/18/2012	$1.15	200,000	-	200,000
04/07/2007	4/9/2012	$1.21	100,000	-	100,000
04/07/2007	7/3/2012	$1.21	100,000	-	100,000
04/07/2007	2/18/2012	$1.21	20,000	-	20,000
19/11/2007	11/18/2012	$0.73	500,000	-	500,000
14/12/2007	12/13/2012	$0.61	860,000	-	860,000
20/11/2007	11/19/2012	$0.73	-	3,000,000	3,000,000
07/08/2008	8/6/2013	$0.55	-	850,000	850,000
18/12/2008	12/17/2013	$0.25	-	1,665,000	1,665,000
			9,720,000	5,515,000	15,235,000

Shares issued as a result of the exercise of options

No shares have been issued as a result of the exercise of options throughout the period ended 30 June 2009 or after the balance date at the time of signing this report.

New Options Issued

During the financial year, the following options were issued to company employees and officeholders:

- 3,000,000 options issued to non-executive directors;
- 250,000 options issued to the General Manager Business Development;
- 250,000 options issued to the General Manager Project Development;
- 750,000 options issued to the General Manager Exploration;
- 525,000 options issued to the Finance Manager;
- 150,000 options issued to the Company Secretary;
- 590,000 options issued to other employees of Toro Energy Ltd.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company for a premium of $31k. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

Members acting on the audit committee of the Board are:

Jeff Sells	Non-executive director	
John Nitschke	Non-executive director	Appointed 18 June 2009
Donald Stephens	Company Secretary	
Erica Smyth	Non-executive director	Retired 30 April 2009

	Directors' Meetings		Audit Committee	
Number of meetings held	14		4	
Number of meetings attended:	Eligible	Attended	Eligible	Attended
Ms Erica Smyth	14	14	3	3
Mr Greg Hall	14	14	-	-
Mr Derek Carter	14	13	-	-
Mr Peter Lester	14	11	-	-
Mr Jeff Sells	14	12	4	4
Mr John Nitschke	1	1	1	1
Mr Ian Gould	10	10	-	-
Mr Mick Myers	9	8	-	-

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

FINANCIAL STATEMENT PREPARATION METHODOLOGY

Impairment of Assets

The Group has conducted impairment procedures in accordance with the Australian Accounting Standards and the accounting policy outlined at note 1k of the notes to the financial statements, to ensure assets are not reported at more than their recoverable amount. An outline of the results of these procedures is provided below:

Consolidated Group

The impairment expense of $67,064,784 was incurred as a result of the decision to cease exploration activities over 25 tenements within the Group's total portfolio of 103 tenements.

Company

In addition to the impairment of exploration interests described above, an impairment expense of $66,604,870 has been recorded in the legal parent entity, Toro Energy Ltd, reducing the book value of the investments in subsidiaries. Whilst this impairment is required under Australian Accounting Standards (AASB 136), it does not impact the consolidated results of the Group and does not reflect any change in the underlying value of the Groups exploration and development assets.

For further details regarding the impairment on assets, refer to note 3b to the financial statements.

REMUNERATION REPORT

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the Company. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

Employment contracts

The employment conditions of the Managing Director, Mr Greg Hall, are formalised in a contract of employment. Mr Hall commenced employment on 29 March 2006 and his gross salary, inclusive of the 9% superannuation guarantee, is $300,000 per annum. The Company may terminate the employment contract without cause by providing six (6) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Business Development Manager, Mr Simon Mitchell, are formalised in a contract of employment. Mr Mitchell commenced employment on 26 September 2006 and his gross salary, inclusive of the 9% superannuation guarantee, is $200,124 per annum. The Company may terminate the employment contract without cause by providing six (6) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Project Development Manager, Mr Dayle Kenny, are formalised in a contract of employment. Mr Kenny commenced employment on 19 November 2007 and his gross salary, inclusive of the 9% superannuation guarantee, is $239,800 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing 2 months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Exploration Manager, Mr Mark McGeough, are formalised in a contract of employment. Mr McGeough commenced employment on 4 August 2008 and his gross salary, inclusive of the 9% superannuation guarantee, is $217,105 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing 2 months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the Finance Manager, Mr Todd Alder, are formalised in a contract of employment. Mr Alder commenced employment on 20 February 2008 and his gross salary, inclusive of the 9% superannuation guarantee, is $141,700 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing 2 months written notice or making payment in lieu of notice. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Key management personnel remuneration and equity holdings

The Board currently determines the nature and amount of remuneration for Board members and senior executives of the Group. The policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The non executive directors and other executives receive a superannuation guarantee contribution required by the Government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the company share option scheme. Options are valued at the time of issue using the Black-Scholes methodology.

The Board policy is to remunerate non executive directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Table 1: Directors' remuneration for the year ended 30 June 2009 & 30 June 2008

		Short Term	Post Employment	Share-based Payments	Total
		Salary & Fees	Superannuation	Value of options	$
Erica Smyth					
	2009	65,691	5,912	25,152	96,755
	2008	39,755	3,578	-	43,333
Gregory Hall					
	2009	275,229	24,771	-	300,000
	2008	272,349	24,511	-	296,860
Derek Carter					
	2009	50,458	4,541	-	54,999
	2008	44,343	3,991	-	48,334
Peter Lester					
	2009	50,458	4,541	25,152	80,151
	2008	33,639	3,028	-	36,667
Jeff Sells					
	2009	51,987	4,679	25,152	81,818
	2008	33,639	3,028	-	36,667
John Nitschke					
	2009	-	-	-	-
Ian Gould					
	2009	64,984	5,849	-	70,833
	2008	67,278	6,055	-	73,333
Mick Myres					
	2009	29,434	2,649	-	32,083

Table 2: Remuneration of specified executives for the year ended 30 June 2009 and 30 June 2008

	Short Term	Post Employment	Share-based Payments	Total
	Salary & Fees	Superannuation	Value of options	$
Simon Mitchell				
2009	183,600	16,524	36,891	237,015
2008	188,300	16,947	55,082	260,329
Mark McGeough				
2009	181,815	16,363	41,174	239,352
Dayle Kenny				
2009	220,000	19,800	69,750	309,550
2008	120,718	10,865	101,873	233,456
Todd Alder				
2009	140,000	12,600	28,821	181,421
2008	47,333	4,260	-	51,593
Donald Stephens				
2009	-	-	15,881	15,881
2008	-	-	24,877	24,877

The fair value of options issued to the directors and executives have been valued using the Black-Scholes methodology. Further information regarding this valuation is contained within note 13 of the financial statements.

Options issued as part of remuneration

Options issued as part of remuneration during the financial year are disclosed in note 23 to the accounts.

Share and Option holdings of key management personnel

Relevant interests in the shares and options of the Company are disclosed in note 23 to the accounts.

Corporate Governance Statement

Introduction

The Board of directors is responsible for the corporate governance of Toro Energy Ltd (the Company) and its controlled entities (the Group). The Company operates in accordance with the corporate governance principles as set out by the ASX corporate governance council and required under ASX listing rules.

The Company details below the corporate Government practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board are accountable to the Shareholders for the performance of the Company and have overall responsibility for its operations. Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to the Managing Director and ultimately to senior executives.

The key responsibilities and functions of the Board includes:

- Approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Company;
- Reviewing annually the performance of the managing director and senior executives against the objectives and performance indicators established by the Board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed;
- Ensuring that the Group meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required. A review of Senior Executives took place during the year in accordance with the processes described above.

The Board has not publicly disclosed a statement of matters reserved for the Board and Senior Executives or the Board charter and therefore the Company has not complied with recommendation 1.1 and 1.3 of the Corporate Governance Council. Given the experience of the members of the Board, the Company has not formulated a Board charter.

Principle 2: Structure the Board to add value

Size and composition of the Board

At the date of this statement the Board consists of five non executive directors and one executive. Director's are expected to bring independent views and judgment to the Board's deliberations.

Ms Erica Smyth	Chair
Mr Greg Hall	Managing Director, CEO
Mr Derek Carter	Non Executive Director
Mr Peter Lester	Non Executive Director
Mr Jeff Sells	Non Executive Director
Mr John Nitschke	Non Executive Director

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualification and experience are set out in the Directors' Report of this Financial Report.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Ms Smyth is considered as an independent director as she has no other material relationship or association with the Company or its subsidiaries other than her directorship.

Mr Carter is a Director of Minotaur Exploration Ltd, the beneficial owner of 0.91% of the issued capital in Toro Energy Ltd. The Board does not consider this to influence independence with regard to the criteria established in the ASX Corporate Governance Councils Principles and Recommendations.

Mr Sells was employed in an executive capacity by OZ Minerals Ltd, the beneficial owner of 49.91% of the issued capital in Toro Energy Ltd, within the past three years. The Board does not consider this to influence independence with regard to the criteria established in the ASX Corporate Governance Councils Principles and Recommendations.

Mr Lester is contracted in a consulting capacity and Mr Nitschke is employed in an executive capacity by OZ Minerals Ltd, the beneficial owner of 49.91% of the issued capital in Toro Energy Ltd and are not considered independent.

The Company therefore has three independent directors as that relationship is currently defined.

The Board does not consist of a majority of independent directors and therefore the Company has not complied with recommendation 2.1 of the Corporate Governance council. The Board considers the current structure to be an appropriate composition given the qualifications and experience of the directors.

Nomination, retirement and appointment of Directors

The Board has not established a nomination committee or developed and publically disclosed a Nomination Committee Charter and therefore the Company has not complied with recommendation 2.4 and 2.6 of the Corporate Governance Council. Given the size of the Company, the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters. The composition/ membership of the Board is subject to review in a number of ways, as outlined below:

- The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re election.

- Board composition is also reviewed periodically either when a vacancy arises or if it is considered that the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Group. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the Board.

Evaluation of Board performance

A review of the Board performance was carried out by the Chair in December 2008. The Board continues to review performance and identify ways to improve performance. The Chair is responsible for reviewing the Board performance on an annual basis.

Board Committees

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

The Board has established an audit, risk and compliance committee. At the present time no other committees have been established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

The Board has not publicly disclosed the process for evaluating the performance of the Board, its committees and individual directors. Therefore, the Company has not complied with recommendation 2.5 of the Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of the performance evaluation process necessary. The Board takes ultimate responsibility for these matters.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all Employees.

However, the Company has not publicly disclosed the code of conduct and therefore the Company has not complied with recommendation 3.1 and 3.3 of the Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of the code of conduct to be necessary. The Board takes ultimate responsibility for these matters.

Securities Trading Policy

The Company has a formal policy for dealing in the Company's securities by Directors, employees and contractors (designated persons). This sets out their obligations regarding disclosure of dealing in the Company's securities.

The Constitution permits designated persons to acquire securities in the Company, and Company policy allows designated persons to deal in the Company's securities at any time during periods stipulated by the policy. At all other times designated persons are prohibited.

In accordance with the provisions of the Corporations Act and the Listing Rules, the Company advises ASX of any transaction conducted by Directors in the securities of the Company.

The Company has not publicly disclosed the policy terms concerning trading in company securities by directors, senior executives and employees and therefore has not complied with recommendation 3.2 and 3.3 of the Corporate Governance Council. Given the size of the Company, the Board does not consider disclosure of a trading policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 4: Safeguard integrity in financial reporting

The Group has structured financial management to independently verify and safeguard the integrity of their financial reporting. The structure established by the Group includes:

- Review and consideration of the financial statements by the audit committee;
- A process to ensure the independence and competence of the Group's external auditors.

Audit Committee

The audit, risk and compliance committee comprises Mr Jeff Sells (Chair) who is a non-executive director and independent of senior management and operating executives of the Company, Mr John Nitschke a non-executive director and Mr Donald Stephens the Company Secretary. The Board will annually confirm the membership of the committee.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The role and responsibilities of the committee are governed by the Audit, risk and compliance charter. The charter is available for viewing on the Company's website at www.toroenergy.com.au.

The audit committee has not been structured to contain at least three directors, a majority of which are independent. Therefore the Company has not complied with recommendation 4.2 of the Corporate

Governance Council. Given the size of the Company, the members of the audit committee have been chosen for their relative skills and experience. The Board continues to monitor the composition of the committee and the roles and responsibilities of the members.

Principle 5: Make timely and balanced disclosure

The Company has a policy that all investors have equal access to the Company's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporation's Act and ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the Board through the Chair for all governance matters. The Company has established a formal disclosure policy to ensure compliance with ASX Listing Rule disclosures and to promote accountability at a Senior Executive level for that compliance.

The Group has not publicly disclosed the formal disclosure policy and therefore has not complied with recommendation 5.1 and 5.2 of the Corporate Governance Council. Given the size of the Group, the Board does not consider a public disclosure policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the company's web site www.toroenergy.com.au.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 and 6.2 of the Corporate Governance Council. Given the size of the Company and Board, the Board does not consider design of, or disclosure of a communications policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of Toro Energy. The identification, monitoring and, where appropriate, the reduction of significant risk to Toro Energy is the responsibility of the Managing Director and the Board. The Board has also established the audit, risk and compliance committee which addresses the risk of the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.

Management and the Board monitor the Company's material business risks and reports are considered at regular meetings where it has been established that the internal control system is operating effectively in all material aspects in relation to financial risks.

Managing Director's and Finance Manager's declaration to the Board of Directors

The Managing Director and the Finance Manager will be required to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Company's risk management and internal controls are operating efficiently and effectively.

The Company has not established or publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 and 7.4 of the Corporate Governance Council. Given the size of the Company, the Board does not consider establishment or disclosure of a risk management policy to be appropriate. The Board takes ultimate responsibility for these matters.

Principle 8: Remunerate fairly and responsibly

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is $450,000. This amount cannot be increased without the approval of the Company's shareholders. Please refer to the remuneration report within the Directors' Report for details regarding the remuneration structure of the Managing Director and senior management.

The Board has not established a remuneration committee or disclosed a remuneration committee charter and therefore the Group has not complied with recommendation 8.1 and 8.3 respectively of the Corporate Governance Council. Given the size of the Group, the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters.This report outlines the remuneration arrangements in place for directors and other key management personnel of Toro Energy Ltd.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton, in its capacity as auditor for Toro Energy Ltd, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2009 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

Signed in accordance with a resolution of the directors.

Mr Greg Hall
Managing Director

9th September 2009

The financial report of Toro Energy Ltd (the Company)

Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS 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 30 June 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 Wayville on this 9th day of September 2009

Income Statement
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated		Company	
		2009	2008	**2009**	2008
	Note	**$**	$	**$**	$
Revenue	4 (a)	617,205	1,111,040	617,205	859,008
Impairment of non-current assets	4 (b)	(67,064,784)	(1,926,394)	(66,992,041)	(141,601,414)
Employee benefits expense	4 (c)	(1,669,190)	(1,769,683)	(1,669,190)	(1,371,169)
Depreciation expense	4 (b)	(164,311)	(143,010)	(147,366)	(139,604)
Finance costs		(6,005)	(6,886)	(6,005)	(9,318)
Other expenses	4 (d)	(1,296,941)	(1,708,334)	(1,278,038)	(1,722,475)
(Loss) before income tax expense		(69,584,025)	(4,443,267)	(69,475,435)	(143,984,972)
Income tax expense	5	(132,123)	(349,274)	(132,123)	(467,713)
(Loss) for the year		(69,716,148)	(4,792,541)	(69,607,558)	(144,452,685)
(Loss) attributable to members of the Company		(69,716,148)	(4,792,541)	(69,607,558)	(144,452,685)

Earnings per share:		Cents	
Basic earnings per share	6	(13.09)	(1.25)
Diluted earnings per share	6	(13.09)	(1.25)

The accompanying notes form part of these financial statements

Balance Sheet
AS AT 30 JUNE 2009

		Consolidated		Company	
		2009	2008	**2009**	2008
	Note	**$**	$	**$**	$
CURRENT ASSETS					
Cash and cash equivalents	7	8,943,650	13,385,822	8,942,086	13,384,916
Trade and other receivables	8	211,683	186,595	211,683	129,263
Other current assets	9	62,290	451,190	62,290	451,190
TOTAL CURRENT ASSETS		9,217,623	14,023,607	9,216.058	13,965,369
NON-CURRENT ASSETS					
Property, plant and equipment	10	486,277	601,036	437,995	535,808
Other receivables	11	-	-	5,854,920	3,378,301
Other financial assets	12	-	-	60,455,499	128,651,105
Exploration and evaluation assets	13	67,114,412	128,193,923	8,503,239	6,536,803
TOTAL NON-CURRENT ASSETS		67,600,688	128,794,959	75,251,653	139,102,017
TOTAL ASSETS		76,818,311	142,818,566	84,467,711	153,067,386
CURRENT LIABILITIES					
Trade and other payables	15	703,643	9,386,345	557,497	9,347,255
Borrowings	16	36,635	25,540	36,635	25,540
Short-term provisions	17	119,893	76,427	119,893	76,427
TOTAL CURRENT LIABILITIES		860,172	9,488,312	714,025	9,449,222
NON-CURRENT LIABILITIES					
Borrowings	16	24,532	61,167	24,532	61,167
Long-term provisions	17	29,864	16,915	29,864	16,915
Other non-current liabilities		-	-	7,795,547	10,283,370
TOTAL NON-CURRENT LIABILITIES		54,396	78,082	7,849,943	10,361,452
TOTAL LIABILITIES		914,567	9,566,394	8,563,968	19,810,674
NET ASSETS		75,903,743	133,252,172	75,903,743	133,256,712
EQUITY					
Issued capital	18	151,471,044	139,561,875	291,251,219	279,342,051
Reserves	19	1,282,162	823,595	1,033,866	688,448
Accumulated losses		(76,849,463)	(7,133,298)	(216,381,342)	(146,773,787)
TOTAL EQUITY		75,903,743	133,252,172	75,903,743	133,256,712

The accompanying notes form part of these financial statements

Statement of Changes in Equity
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		Consolidated				Company			
	Note	Issued Capital Ordinary $	Accumulated Losses $	Reserves $	Total $	Issued Capital Ordinary $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2007		34,752,312	(2,340,774)	556,597	32,968,153	35,342,242	(2,321,102)	301,968	33,323,108
Cost of business combination	18	98,809,563		-	98,809,563	250,801,294	-	-	250,801,294
Share Issue - Allarrow Pty Ltd	18	6,000,000	-	-	6,000,000	-	-	-	-
Share Issue - Deep Yellow Ltd	18	-	-	-	-	2,300,000	-	-	2,300,000
Transaction costs (net of tax)	18	-	-	-	-	(9,101,485)	-	-	(9,101,485)
Cost of share based payment		-	-	266,998	266,998	-	-	386,480	386,480
(Loss) attributable to members of the Company		-	(4,792,541)	-	(4,792,541)	-	(144,452,682)	-	(144,452,685)
Balance at 30 June 2008		139,561,875	(7,133,315)	823,595	133,252,172	279,342,051	(146,773,787)	688,448	133,256,712
Rights Issue	18	12,217,455		-	12,217,455	12,217,455	-	-	12,217,455
Costs of rights issue (net of tax)	18	(308,287)	-	-	(308,287)	(308,287)	-	-	(308,287)
Cost of share based payment		-	-	345,418	345,418	-	-	345,418	345,418
Unrealised foreign exchange gain		-	-	113,149	113,149	-	-	-	-
(Loss) attributable to members of the Company		-	(69,716,898)	-	(69,716,148)	-	(69,607,558)	-	(69,607,558)
Balance at 30 June 2009		151,471,044	(76,849,463)	1,282,162	75,903,743	291,251,219	(216,381,342)	1,033,866	75,903,743

The accompanying notes form part of these financial statements

Cash Flow Statement
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		Consolidated		Company	
		2009	2008	**2009**	2008
	Note	**$**	$	**$**	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(2,744,569)	(2,888,622)	(2,782,817)	(2,615,942)
Finance costs		(6,005)	(881)	(6,005)	(1,763)
Interest received		997,451	730,937	997,451	636,290
NET CASH (USED IN) OPERATING ACTIVITIES	7	(1,753,123)	(2,158,566)	(1,791,371)	(1,981,415)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash acquired from merger		-	7,484,082	-	-
Purchase of property, plant and equipment		(49,152)	(274,182)	(49,152)	(393,856)
Loans to controlled entities		-	-	(4,001,705)	7,643,711
Payment of Stamp Duty (Nova Aquisition)		(7,997,990)	-	(7,997,990)	-
Payments for exploration activities		(6,418,954)	(6,589,530)	(2,379,656)	(2,532,599)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		(14,466,096)	620,370	(14,428,503)	4,717,256
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	43,918	-	39,097
Proceeds from issue of shares		12,217,455	-	12,217,455	-
Transaction costs of issue of shares		(440,410)	(700,000)	(440,410)	(1,103,493)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		11,777,045	(656,082)	11,777,045	(1,064,396)
Net (decrease)/increase in cash and cash equivalents		(4,442,172)	(2,194,279)	(4,442,830)	1,671,445
Cash at the beginning of the financial year		13,385,822	15,580,101	13,384,916	11,713,471
CASH AT THE END OF THE FINANCIAL YEAR	7	8,943,650	13,385,822	8,942,086	13,384,916

The accompanying notes form part of these financial statements

for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors on 9 September 2009. Toro Energy Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Toro Energy Ltd and controlled entities ('The Group'), and the separate financial statements and notes of Toro Energy Ltd as an individual parent entity ('Company').

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected Non-current assets, financial assets and financial liabilities.

a. Principles of consolidation

The consolidated financial statements comprise the financial statements of Toro Energy Ltd and its subsidiaries as at 30 June (the Group). A list of controlled entities is contained in note 21 to the financial statements. All controlled entities have a June financial year-end.

The financial statements of the subsidiaries are prepared for the same reporting period and using consistent accounting policies as those of the parent.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

All revenue is stated net of the amount of goods and services tax (GST).

Interest income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

c. Finance costs

Finance costs are recognised as an expense when incurred.

d. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

e. Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank, cash in hand and short term deposits with an original maturity of one year or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

f. Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

g. Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, with reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

h. Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation
The parent entity and its Australian wholly-owned entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidation group for the purposes of the tax consolidation system is Toro Energy Ltd.

Toro Energy Ltd and each of its own wholly-owned subsidiaries recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Toro Energy Ltd recognises the entire tax-consolidated group's retained tax losses.

i. Goods and Service Tax
Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

j. Property, plant and equipment
Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line and diminishing value basis over the estimated useful life of the assets. The useful life of the assets for 2009 is as follows:

Plant and equipment – 2.5 – 20 years
Motor vehicles – 8 years

Impairment
The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their recent value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

k. Impairment of assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

l. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

m. Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

n. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects the risks specific to the liability.

o. Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

p. Share-based payment transactions

The Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

The company has established the Employee Share Option Plan which provides benefits to employees.

The cost of these equity-settled transactions with employees are measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model using the assumptions detailed in note 13.

The cost of equity-settled transactions is recognised as an expense in the income statement, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to share capital.

q. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

r. New accounting and interpretations

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The following standards and amendments are available for early adoption but have not been applied by the Company in these financial statements:

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009).

These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
- contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
- a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
- there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
- dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
- impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
- where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009).

AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009).

The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009).

The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009).

This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.

No changes are expected to materially affect the Group.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

s. Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent divided by the weighted average number of ordinary shares and dilutive potential ordinary shares.

t. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Exploration and evaluation

The group's policy for exploration and evaluation is discussed in note 11. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the income statements.

u. Comparative figures

When required by Accounting standards, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

2. SEGMENT INFORMATION

Business and Geographical Segment
The entity operates primary in the mining exploration sector solely within Australia.

	Consolidated		Company	
	2009 $	2008 $	**2009** $	2008 $
3. REVENUE AND EXPENSES				
(a) Revenue				
Bank interest received or receivable	617,205	1,111,040	617,205	859,008
	617,205	1,111,040	617,205	859,008
(b) Expenses				
Impairment of non-current assets				
Impairment of exploration expenditure	67,064,784	1,926,394	387,171	199,018
Loans to controlled entities	-	-	-	1,590,375
Investment in subsidiary impaired*	-	-	66,604,870	139,812,021
Total impairment of non-current assets	67,064,784	1,926,394	66,992,041	141,601,414
Depreciation of non-current assets				
Plant and equipment	141,448	122,428	132,744	123,581
Motor vehicles	22,863	20,582	14,622	14,622
Total depreciation	164,311	143,010	147,366	139,604
Finance expenses				
Interest applicable to hire-purchase	6,005	-	6,005	-
Total borrowing costs	6,005	-	6,005	-

(*) In addition to the impairment of exploration interests described above, an impairment expense of $66,604,870 has been recorded in the legal parent entity, Toro Energy Ltd, reducing the book value of the investments in subsidiaries. Whilst this impairment is required under Australian Accounting Standards (AASB 136), it does not impact the consolidated results of the Group and does not reflect any change in the underlying value of the Groups exploration and development assets. The impairment does not impact the consolidated results of the Group and does not reflect any change in the underlying value of the Groups exploration and development assets.

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
(c) Employees benefits expense				
Wages, salaries, directors fees and other remuneration expenses	2,205,435	1,678,058	2,205,435	1,988,102
Workers' compensation costs	73,673	51,810	73,673	84,521
Defined contribution plan expense	191,593	164,720	191,593	176,631
Payroll tax	79,647	-	79,647	-
Other employee expenses	-	47,257	-	50,028
Transfer to annual leave provision	44,607	34,523	44,607	71,386
Transfer to long service leave provision	12,949	8,720	12,949	12,302
Share-based payments expense	345,418	266,998	345,418	386,480
Transfer to capitalised tenements	(1,284,132)	(482,403)	(1,284,132)	(1,399,555)
	1,669,190	1,769,683	1,669,190	1,371,169
(d) Other expenses from ordinary activities				
Listing costs expensed				
Promotion and advertising	82,431	61,684	82,431	91,412
Recruitment expenses	4,908	48,365	4,908	93,325
Travelling expenses	168,100	164,996	168,100	111,037
Securities exchange & share registry fees	123,745	243,388	123,745	185,075
Audit fees	29,854	49,918	29,854	64,118
Accounting & secretarial support	78,528	157,241	64,728	165,184
Conference expenses	69,542	95,710	69,542	105,148
Insurance costs	62,598	48,549	62,598	43,325
Consulting fees	130,347	308,276	130,347	(87,751)
Legal fees	127,400	274,809	122,191	59,156
Subscriptions	72,678	70,535	72,678	42,356
Rent & utility expenses	111,514	81,671	111,514	81,671
AGM, EGM & annual report expenses	62,512	66,250	62,512	66,250
Other expenses	172,783	36,944	172,571	702,169
	1,296,941	1,708,334	1,277,720	1,722,475

4. INCOME TAX

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
The components of income tax expense are:				
Income Statement				
Current income tax				
Current income tax charge/(benefit)	(3,043,350)	(8,257,636)	(1,905,936)	(1,335,937)
Tax portion of capital raising costs	132,123	349,274	132,123	467,713
Deferred income tax				
Relating to origination and reversal of temporary differences	(567,110)	(9,770,060)	(1,256,036)	(299,148)
Net deferred tax assets not realised as recognition criteria of AASB 112 not met	3,610,460	18,027,696	3,161,972	1,635,085
Income tax expense	132,123	349,274	132,123	467,713
A reconciliation of the prima facie income tax expense calculated on loss before income tax expence included in the Income Statement				
Accounting loss before income tax	(69,617,775)	(4,443,267)	(69,509,185)	(143,984,972)
At the Group's statutory income tax rate of 30% (2007: 30%)	(20,885,333)	(1,332,980)	(20,852,755)	(43,195,492)
Immediate write off of capital expenditure	(1,795,582)	(7,292,466)	(706,082)	(902,286)
Expenditure not allowable for income tax purposes	20,413,822	663,455	20,386,916	43,057,486
Other	(776,257)	(295,645)	(734,015)	(295,645)
	(3,043,350)	(8,257,636)	(1,905,936)	(1,335,937)
Unrecognised deffered tax assets				
Deferred Tax Asset (DTA) arising from tax losses of a controlled entity not recognised at reporting date as realisation of the benefit is not regarded as probable				
- timing differences at 30%	567,110	9,770,060	1,256,036	299,148
- tax losses at 30%	3,043,350	8,257,636	1,905,936	1,335,937
	3,610,460	18,027,696	3,161,972	1,635,085

The Group has deferred tax assets arising in Australia of $12,906,511 (2008: $9,863,161) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Tax consolidation

Toro Energy Ltd and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 16 March 2006. Toro Energy Ltd is the head entity of the tax consolidated group.

5. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2009	2008
	$	$
Net loss attributable to ordinary equity holders of the Company	(69,749,898)	(4,792,541)
Weighted average number of ordinary shares for basic earnings per share	532,430,511	382,017,373

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2009.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

6. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	61,332	385,822	59,768	384,916
Short-term deposits	8,882,318	13,000,000	8,882,318	13,000,000
	8,943,650	13,385,822	8,942,086	13,384,916

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation of net loss after tax to net cash flows from operations				
Net loss	(69,716,148)	(4,792,541)	(69,607,558)	(144,452,685)
Adjustments for non-cash items:				
Depreciation	164,311	143,010	147,366	139,604
Impairment of non-current assets	67,064,784	1,926,394	66,992,041	141,601,414
Tax expense relating to rights issue	132,123	(881)	132,123	(1,763)
Net exchange differences	-	21,365	-	-
Share based payments	345,418	266,998	345,418	386,480
Changes in assets and liabilities				
Decrease in trade and other receivables	(25,086)	(298,121)	(82,418)	(237,374)
Decrease in accrued interest	380,246	-	380,246	-
Decrease in prepayments	8,654	22,104	8,654	45,551
Increase in trade and other payables	(138,298)	579,431	(138,119)	466,172
Increase in employee provisions	48,630	(7,618)	48,630	67,374
Decrease in general provisions	(17,755)	(18,707)	(17,755)	3,812
Net cash (outflow) from operating activities	(1,753,123)	(2,158,566)	(1,791,371)	(1,981,415)

7. TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
TRADE AND OTHER RECEIVABLES (CURRENT)				
Sundry receivables (i)	139	14,975	139	14,975
Goods and services tax receivable	177,793	171,620	177,793	114,288
	211,682	186,595	211,682	129, 263

(i). Sundry receivables are non-interest bearing and generally have 30-90 day payment terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2009 the consolidated entity did not have any trade receivables which were outside normal trading terms (past due but not impaired)

Information regarding the credit risk of current receivables is set out in note 22.

8. OTHER CURRENT ASSETS

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
OTHER CURRENT ASSETS				
Prepayments	35,779	44,433	35,779	44,433
Accrued income	26,511	406,757	26,511	406,757
	62,290	451,190	62,290	451,190

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated			Company		
	Plant & equipment	**Motor Vehicles**	**Total**	**Plant & equipment**	**Motor Vehicles**	**Total**
Year ended 30 June 2009	$	$	$	$	$	$
At 1 July 2008, net of accumulated depreciation	478,978	122,058	601,036	457,822	77,986	535,808
Additions	49,553	-	49,553	49,553	-	49,553
Depreciation expense	(141,448)	(22,863)	(164,311)	(132,744)	(14,622)	(147,366)
At 30 June 2009, net of accumulated depreciation	387,083	99,195	486,277	374,631	63,364	437,995
At 1 July 2008						
Cost	730,350	151,093	881,443	634,785	103,273	738,058
Accumulated depreciation	(251,372)	(29,035)	(280,407)	(176,963)	(25,287)	(202,250)
Net carrying amount	478,978	122,058	601,036	457,822	77,986	535,808
At 30 June 2009						
Cost	779,903	151,093	930,996	684,338	103,273	787,611
Accumulated depreciation	(392,820)	(51,898)	(444,718)	(309,707)	(39,909)	(349,616)
Net carrying amount	387,083	99,195	486,278	374,631	63,364	437,995
Year ended 30 June 2008						
At 1 July 2007, net of accumulated depreciation	240,584	40,972	281,556	240,584	40,972	281,556
Additions	340,819	53,037	393,856	340,819	53,037	393,856
Acquisition of a subsidiary	20,003	48,631	68,634	-	-	-
Depreciation expense	(122,428)	(20,582)	(143,010)	(123,581)	(16,023)	(139,604)
At 30 June 2008, net of accumulated depreciation	478,978	122,058	601,036	457,822	77,986	535,808
At 1 July 2007						
Cost	293,966	50,236	344,202	293,966	50,236	344,202
Accumulated depreciation	(53,382)	(9,264)	(62,646)	(53,382)	(9,264)	(62,646)
Net carrying amount	240,584	40,972	281,556	240,584	40,972	281,556
At 30 June 2008						
Cost	730,350	151,093	881,443	634,785	103,273	738,058
Accumulated depreciation	(251,372)	(29,035)	(280,407)	(176,963)	(25,287)	(202,250)
Net carrying amount	478,978	122,058	601,036	457,822	77,986	535,808

10. OTHER RECEIVABLES (NON CURRENT)

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
OTHER RECEIVABLES (NCA)				
Related party receivables:				
Loans to controlled entites (i)	-	-	5,854,920	3,378,301

(i) Loans to controlled entites are at call loans, with no fixed repayment schedule and are non-interest bearing.

11. OTHER FINANCIAL ASSETS (NON-CURRENT)

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
OTHER RECEIVABLES (NCA)				
Investment in controlled entites	-	-	60,455,499	128,651,105
	-	-	60,455,499	128,651,105

Details of wholly-owned subsidiaries can be found at note 21.

12. EXPLORATION AND EVALUATION ASSETS

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Balance at beginning of financial year	128,193,923	17,626,704	6,536,803	6,536,803
Expenditure during the year	5,985,273	6,371,231	2,353,607	(2,100,982)
Acquisition through share issue	-	6,000,000	-	2,300,000
Impairment of exploration expenditure	(67,064,784)	(1,926,394)	(387,171)	(199,018)
Toro Energy carrying value at acquisition date	-	26,083,306	-	-
Fair value assigned on merger	-	74,039,075	-	-
	67,114,412	128,193,923	8,503,239	6,536,803

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

13. SHARE-BASED PAYMENTS

Employee Share Option Plan

The Company has established the Toro Energy Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue subject to any vesting or escrow conditions applicable. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.
The expense recognised in the income statement in relation to share-based payments is disclosed in note 3(c).
The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	9,720,000	0.50	8,440,000	0.48
Granted during the year	5,515,000	0.56	1,580,000	0.73
Cancelled during the year	-	-	(300,000)	1.15
Outstanding at the end of the year	15,235,000	0.52	9,720,000	0.50
Exercisable at the end of year	12,720,00	0.55	8,260,000	0.46

in share options issued during the year:
The outstanding balance as at 30 June 2009 is represented by:

- A total of 4,000,000 options exercisable from escrow release date on 23 March 2008 until 23 March 2011 with a strike price of $0.40.
- A total of 2,000,000 options exercisable from escrow release date on 23 March 2008 until 31 March 2011 with a strike price of $0.35.
- A total of 1,000,000 options exercisable from escrow release date on 23 March 2008 until 31 March 2012 with a strike price of $0.45.
- A total of 440,000 options, vesting 10 December 2007 and exercisable until 11 December 2011 with a strike price of $0.88.
- A total of 500,000 options, vesting 27 September 2007 and exercisable until 26 September 2011 with a strike price of $0.65.
- A total of 20,000 options, vesting 18 February 2008 and exercisable until 19 February 2012 with a strike price of $1.21.
- A total of 200,000 options, vesting 18 March 2008 and exercisable until 18 March 2012 with a strike price of $1.15.
- A total of 100,000 options, vesting 10 April 2008 and exercisable until 9 April 2012 with a strike price of $1.21.
- A total of 100,000 options, vesting 4 July 2012 and exercisable until 3 July 2012 with an exercise price of $1.21.
- A total of 500,000 options, vesting 19 November 2008 and exercisable until 18 November 2012 with a strike price of $0.734.
- A total of 860,000 options, vesting 14 December 2008 and exercisable until 13 December 2012 with a strike price of $0.61.
- A total of 3,000,000 options, vesting 1 December 2008 and exercisable until 19 November 2012 with a strike price of $0.73.
- A total of 425,000 options, vesting 7 August 2009 and exercisable until 6 August 2013 with a strike price of $0.55.
- A total of 425,000 options, vesting 7 August 2010 and exercisable until 6 August 2013 with a strike price of $0.55.
- A total of 1,665,000 options, vesting 18 December 2009 and exercisable until 17 December 2013 with a strike price of $0.25.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2009 is 2.78 years (2008: 3.08 years). The range of exercise prices for options outstanding at the end of the year was $0.25-$1.15 (2008: $0.35-$1.15). The weighted average fair value of options granted during the year was $0.05 (2008: $0.32).

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the weighted average of inputs to the model used for the years ended 30 June 2008 and 30 June 2009:

	2009	2008
Volatility (%)	83.50%	68.00%
Risk-free interest rate (%)	5.37%	6.46%
Expected life of option (years)	5.00	5.00

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

14. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
TRADE AND OTHER PAYABLES				
Trade payables (i)	428,508	747,433	428,193	747,433
Other payables (ii)	80,079	144,181	80,079	144,181
Accrued expenses	195,057	496,740	49,225	457,650
Stamp duty accrual	-	7,997,990	-	7,997,990
	703,643	9,386,345	557,497	9,347,255

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(ii) Other payables are non-interest bearing and are normally settled within 30 – 90 days.

Information regarding the credit risk of current payables is set out in note 22.

Included in trade payables is the amount of $3,906 payable to Minotaur Operations Pty Ltd, a wholly-owed subsidiary of Minotaur Exploration Ltd. Mr Derek Carter is the Managing Director of Minotaur Exploration Ltd ("Minotaur"). Information regarding transactions between Minotaur and the Toro Energy Group are set out in note 23.

15. BORROWINGS

	Consolidated		Company	
	2009	2008	**2009**	2008
	$	$	**$**	$
Current				
Lease liabilites	36,635	25,540	36,635	25,540
	36,635	25,540	36,635	25,540
Non-current				
Lease liabilites	24,532	61,167	24,532	61,167
	24,532	61,167	24,532	61,167

16. PROVISIONS

Current				
Annual leave provision				
Opening balance	76,427	34,547	76,427	21,354
Assumption of balances under merger	-	58,217	-	-
Movement during year	43,466	(16,338)	43,466	55,073
Closing balance 30 June	119,893	76,427	119,893	76,427
Non-current				
Long service leave:				
Opening balance	16,915	-	16,915	4,614
Assumption of balances under merger	-	8,195	-	-
Movement during year	12,949	8,720	12,949	12,302
Closing balance 30 June	29,864	16,915	29,864	16,915

17. ISSUED CAPITAL

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Ordinary Shares	151,471,044	139,561,875	291,251,219	279,342,051
	151,471,044	139,561,875	291,251,219	279,342,051

Ordinary shares				
Balance at beginning of financial year	62,610,410	139,561,875	61,110,410	34,752,312
Rights issue to Toro shareholders	-	12,217,455	-	-
Issue to Toro shareholders under reverse acquisitions	-	-	-	98,809,563
Issue to Allarrow Pty Ltd	-	-	1,500,000	6,000,000
Transaction costs (Net of Tax)	-	(308,287)	-	-
Balance at end of 30 June 2008	62,610,410	151,471,044	62,610,410	139,561,875

Ordinary shares				
Balance at beginning of financial year	494,670,520	279,342,051	145,502,000	35,342,242
Rights Issue	61,087,275	12,217,455	3,066,667	2,300,000
Issue to shareholders of Nova Energy Ltd				
- 1st tranche (25 Oct 2007)	-	-	297,436,507	220,103,015
- 2nd tranche (2 Nov 2007)	-	-	36,140,086	24,936,659
- 3rd tranche (14 Dec 2007)	-	-	12,525,260	5,761,620
Transaction costs (net of tax)	-	(308,287)	-	(9,101,485)
Balance at end of 30 June 2008	555,757,795	291,251,219	494,670,520	279,342,051

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

18. RESERVES

Nature and purpose of reserves

Share-option reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to note 13.

Foreign Currency Translation Reserve

This foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary. Refer to note 21.

19. COMMITMENTS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Operating leases				
Not longer than 1 year	144,972	232,351	144,972	232,351
Longer than 1 year and not longer than 5 years	30,183	103,883	30,183	103,883
	175,155	336,234	175,155	336,234
Hire purchase commitments				
Not longer than 1 year	39,319	31,546	39,319	31,546
Longer than 1 year and not longer than 5 years	24,693	64,013	24,693	64,013
	64,012	95,559	64,012	95,559
Less: future finance charges	(2,845)	(8,852)	(2,845)	(8,852)
	61,167	86,707	61,167	86,707

Terms of lease arrangements
The Group has an operating lease in place for its principal place of business which expires within 1 years. A 3 year renewal option is available with rental to be agreed at current market rates. The Group has 2 vehicles on Hire Purchase expiring in July 2009 and July 2010 and 3 property leases which are negotiated annually.

Exploration leases
As at 30 June 2009 the Toro Group held Exploration Licences over 78 tenements. The rental, rates and statutory expenditure commitments required for these tenements are $4.751M within 1 year and $6.775M between 2 and 5 years.

20. AUDITORS REMUNERATION

Audit or review of the financial report	29,854	49,918	29,854	64,118
	29,854	49,918	29,854	64,118

21. CONTROLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest 2009 %	Ownership interest 2008 %
Parent entity			
Toro Energy Ltd (i)	Australia		
Subsidiaries			
Minotaur Uranium Pty Ltd (ii)	Australia	100	100
Oxiana Energy Pty Ltd (ii)	Australia	100	100
Nova Energy Pty Ltd (ii)	Australia	100	100
Nova Energy (Africa) Pty Ltd (ii)	Australia	100	100
Nova Energy (Namibia) Pty Ltd (ii)	Namibia	100	100

(i) Toro Energy Ltd is the head entity within the tax-consolidated group.
(ii) These companies are members of the tax-consolidated group.

22. FINANCIAL RISK MANAGEMENT

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in note 17 and the statement of changes in equity.

Proceeds from share issues are used to maintain and expand the Groups exploration activities and fund operating costs.

Categories of financial instruments

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
FINANCIAL ASSETS				
Cash and cash equivalents	8,943,650	13,385,822	8,942,086	13,385,822
Trade and other receivables	211,683	186,595	211,682	186,595
FINANCIAL LIABILITIES				
Trade and other payables	508,587	891,614	508,272	891,614
Obligations under hire purchase	61,167	86,707	61,167	86,707

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Interest rate sensitivity analysis
At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Net profit would increase or decrease by $55,823 which is attributable to the Group's exposure to interest rates on its variable bank deposits.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	CONSOLIDATED				PARENT			
	< lyear	> 1 - < 5 years	Non-interest bearing	Total	< lyear	> 1 - < 5 years	Non-interest bearing	Total
Year ended 30 June 2009	$	$	$	$	$	$	$	$
FINANCIAL LIABILITIES								
Fixed rate	36,635	24,532	508,587	569,754	36,635	24,532	508,272	569,439
Weighted average effective interest rate	7.91%	7.91%			7.91%	7.91%		
Year ended 30 June 2008								
FINANCIAL LIABILITIES								
Fixed rate	25,540	61,167	891,614	978,321	25,540	61,167	891,614	978,321
Weighted average effective interest rate	8.14%	8.14%			8.14%	8.14%		

The following table details the Company's and the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period.

	CONSOLIDATED				PARENT			
	< lyear	> 1 - < 5 years	Non-interest bearing	Total	< lyear	> 1 - < 5 years	Non-interest bearing	Total
Year ended 30 June 2009	$	$	$	$	$	$	$	$
FINANCIAL ASSETS								
Fixed rate	8,882,318	-	211,683	9,094,001	8,882,318	-	211,682	9,094,000
Weighted average effective interest rate	3.60%				3.60%			
Floating rate								
Cash assets	61,332	-	-	61,332	59,768	-	-	59,768
Weighted average effective interest rate	0.50%				0.50%			
Year ended 30 June 2008								
FINANCIAL ASSETS								
Fixed rate	13,000,000	-	186,595	13,186,595	13,000,000	-	129,263	13,129,263
Weighted average effective interest rate	7.33%				7.33%			
Floating rate								
Cash assets	385,822	-	-	385,822	385,822	-	-	385,822
Weighted average effective interest rate	4.96%				4.96%			

23. RELATED PARTY DISCLOSURE AND KEY MANAGEMENT PERSONNEL REMUNERATION

Details of key management personnel's remuneration can be found under remuneration in the directors' report. This information is marked as audited.

a) Subsidiaries

Loans

At 30 June 2009 the wholly owned Group consisted of Toro Energy Ltd and its wholly owned controlled entities Nova Energy Ltd, Nova Energy Africa Pty Ltd, Nova Energy (Namibia) Pty Ltd, Minotaur Uranium Pty Ltd and Oxiana Energy Pty Ltd. Ownership interests in these controlled entities are set out in note 21. Transactions between Toro Energy Ltd and other entities in the wholly owned Group during the year consisted of loans advanced by Toro Energy Ltd to fund exploration and investment activities. The closing value of all loan amounts to wholly owned members of the group is contained within the balance sheet under other receivables and cash movements throughout the year are detailed within the body of the cash flow statement under loans to wholly owned subsidiaries.

b) Other related party transactions

Throughout the year ended 30 June 2009, Minotaur Operations Pty Ltd (a wholly-owned subsidiary of Minotaur Exploration Ltd, of which Mr Derek Carter is a director provided the Toro Energy Group with access to exploration personnel, motor vehicles and equipment. In exchange for these services, Minotaur Operations Pty Ltd has received income in the form of service charges. In addition to these services charges, Minotaur Operations Pty Ltd also paid for joint costs on behalf Toro Energy Ltd and has sought direct reimbursement of these costs from the Toro Energy Group. All transactions were conducted on commercial terms and were arms length transactions. The total amount paid or to be paid to Minotaur Operations Pty Ltd through the period ended 30 June 2009 was $26,303 (30 June 2008: $134,840).

HLB Mann Judd (SA) Pty Ltd ("HLB") has received professional fees for accounting, taxation and secretarial services provided during the year. Donald Stephens, the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd. A total of $125,323 has been paid or is to be paid to HLB Mann Judd (SA) Pty Ltd for services rendered in 2009 (2008: $154,797).

During the period 18 August 2008 to 30 June 2009 Toro Energy Ltd rented accommodation premises from a direct relative of Mr Derek Carter. The total sum paid to the direct relative of Derek Carter over this period was $21,980. This transaction was conducted on commercial terms and at arms length.

c) Options issued as part of remuneration

30 June 2009	Grant Number	Grant Date	Value per option at grant date ($)	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	% of Remuneration
Directors								
Erica Smyth	1,000,000	20/11/07	0.043	0.73	19/11/12	01/12/08	19/11/12	26%
Peter Lester	1,000,000	20/11/07	0.043	0.73	19/11/12	01/12/08	19/11/12	31%
Jeff Sells	1,000,000	20/11/07	0.043	0.73	19/11/12	01/12/08	19/11/12	31%
Executives								
Simon Mitchell	250,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	16%
Mark McGeough	250,000	07/08/08	0.079	0.55	06/08/13	07/08/09	06/08/13	7%
Mark McGeough	250,000	07/08/08	0.079	0.55	06/08/13	07/08/10	06/08/13	7%
Mark McGeough	250,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	2%
Dayle Kenny	250,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	23%
Todd Alder	175,000	07/08/08	0.079	0.55	06/08/13	07/08/09	06/08/13	7%
Todd Alder	175,000	07/08/08	0.079	0.55	06/08/13	07/08/10	06/08/13	7%
Todd Alder	175,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	2%
Donald Stephens	150,000	18/12/08	0.042	0.25	17/12/13	18/12/09	17/12/13	100%

Note: None of the above options granted to key management personnel have attached performance conditions in accordance with the current remuneration policy of the company.

d) Option holdings of key management personnel

30 June 2009	Balance at beginning of period	Granted as remuneration	Options Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
Ian Gould	2,000,000	-	-	-	2,000,000	23/03/11	24/03/06	23/03/11
Greg Hall	2,000,000	-	-	-	2,000,000	31/03/11	01/07/06	31/03/11
Greg Hall	1,000,000	-	-	-	1,000,000	31/03/12	01/04/07	31/03/12
Derek Carter	1,000,000	-	-	-	1,000,000	23/03/11	24/03/06	23/03/11
Erica Smyth	-	1,000,000	-	-	1,000,000	19/11/12	01/12/08	19/11/12
Peter Lester	-	1,000,000	-	-	1,000,000	19/11/12	01/12/08	19/11/12
Jeff Sells	-	1,000,000	-	-	1,000,000	19/11/12	01/12/08	19/11/12
Executives								
Simon Mitchell	500,000	-	-	-	500,000	31/03/12	01/04/07	31/03/12
Simon Mitchell	250,000	-	-	-	250,000	13/12/12	14/12/07	13/12/12
Simon Mitchell	-	250,000	-	-	250,000	17/12/13	18/12/09	17/12/13
Donald Stephens	200,000	-	-	-	200,000	23/03/11	24/03/06	23/03/11
Donald Stephens	100,000	-	-	-	100,000	13/12/12	14/12/07	13/12/12
Donald Stephens	-	150,000	-	-	150,000	17/12/13	18/12/09	17/12/13
Dayle Kenny	500,000	-	-	-	500,000	18/11/12	19/11/07	18/11/12
Dayle Kenny	-	250,000	-	-	250,000	17/12/13	18/12/09	17/12/13
Mark McGeough	-	250,000	-	-	250,000	06/08/13	07/08/09	06/08/13
Mark McGeough	-	250,000	-	-	250,000	06/08/13	07/08/10	06/08/13
Mark McGeough	-	250,000	-	-	250,000	17/12/13	18/12/09	17/12/13
Todd Alder	-	175,000	-	-	175,000	06/08/13	07/08/09	06/08/13
Todd Alder	-	175,000	-	-	175,000	06/08/13	07/08/10	06/08/13
Todd Alder	-	175,000	-	-	175,000	17/12/13	18/12/09	17/12/13
	7,550,000	4,925,000	-	-	12,475,000			

30 June 2008	Balance at beginning of period	Granted as remuneration	Options Exercised	Net change other	Balance at end of period	Expiry Date	First Exercise Date	Last Exercise Date
Directors								
Ian Gould	2,000,000	-	-	-	2,000,000	23/03/11	24/03/06	23/03/11
Greg Hall	2,000,000	-	-	-	2,000,000	31/03/11	01/07/06	31/03/11
Greg Hall	1,000,000	-	-	-	1,000,000	31/03/12	01/04/07	31/03/12
Owen Hegarty	1,000,000	-	-	-	1,000,000	23/03/11	24/03/06	23/03/11
Derek Carter	1,000,000	-	-	-	1,000,000	23/03/11	24/03/06	23/03/11
Erica Smyth	-	-	-	-	-	-	-	-
Tim Sugden	-	-	-	-	-	-	-	-
Peter Lester	-	-	-	-	-	-	-	-
Jeff Sells	-	-	-	-	-	-	-	-
Executives								
Geoff Hudson	500,000	-	-	(300,000)	200,000	18/03/12	18/03/08	18/03/12
Geoff Hudson	-	100,000	-	-	100,000	13/12/12	14/12/07	13/12/12
Simon Mitchell	500,000	-	-	-	500,000	26/09/11	27/09/07	26/09/11
Simon Mitchell	-	250,000	-	-	250,000	13/12/12	14/12/07	13/12/12
Donald Stephens	200,000		-	-	200,000	11/12/11	10/12/07	11/12/11
Donald Stephens	-	100,000	-	-	100,000	13/12/12	14/12/07	13/12/12
Dayle Kenny	-	500,000	-	-	500,000	18/11/12	19/11/07	18/11/12
Todd Alder	-	-	-	-	-			
	8,200,000	950,000	0	(300,000)	8,850,000			

e) Shareholdings of key management personnel

30 June 2009	Balance at 1 July 2008	On Exercise of Options	Net Change Other	Balance 30 June 2009
Directors				
Ms Erica Smyth	53,037	-	45,847	98,884
Mr Greg Hall	-	-	95,000	95,000
Derek Carter	80,000	-	-	80,000
Jeff Sells	16,000	-	-	16,000
	149,037	-	140,847	289,884
Executives				
Donald Stephens	35,000	-	-	35,000
Simon Mitchell	-	-	50,000	50,000
Mark McGeough	-	-	5,053	5,053
	35,000	-	55,053	90,053

Mr Carter is a director of Minotaur Exploration Ltd. Minotaur Exploration Ltd is the beneficial owner of 5,051,000 (0.91%) ordinary shares in the issued capital of Toro Energy Ltd.

30 June 2008	Balance at 1 July 2007	On Exercise of Options	Net Change Other	Balance 30 June 2008
Directors				
Ms Erica Smyth	-	-	53,037	53,037
Owen Hegarty	80,000	-	-	80,000
Derek Carter	80,000	-	-	80,000
Jeff Sells	-	-	16,000	16,000
	160,000	-	69,037	229,037
Executives				
Donald Stephens	35,000	-	-	35,000
Geoff Hudson	4,000	-	-	4,000
	39,000	-	-	39,000

24. EVENTS AFTER THE BALANCE SHEET DATE

On 18 August 2009 Toro Energy announced the execution of a (AUD) $20 million equity placement facility with YA Global Master SPV Ltd (YA Global). Subject to terms and conditions of the facility, Toro Energy may, at its discretion, issue shares to YA Global at any time from 18 August 2009 for a period of 5 years, up to a total of $20 million. Toro Energy may draw down up to (AUD) $500,000 in any period of 10 trading days with a commission of 5% being payable to YA Global at the time of each share issue.

Directors' Declaration

In accordance with a resolution of the directors of Toro Energy Ltd, I state that:

1. In the opinion of the directors:

a. the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the period ended on that date; and

   ii. complying with Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

c. the audited remuneration disclosures set out in the remuneration report of the directors' report comply with Accounting Standard AASB 124 Related Party disclosures.

2. the Managing Director and Finance Manager has declared that:

a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
b. the financial statements and notes for the financial year comply with the Accounting Standards; and
c. the financial statements and notes for the financial year five a true and fair view;

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2009.

On behalf of the Board

Mr Greg Hall
Managing Director

Signed this 9th day of September 2009

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

Report on the Financial Report

We have audited the accompanying financial report of Toro Energy Limited, (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

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

Auditor's responsibility Cont
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence
In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Toro Energy Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Auditor's opinion

In our opinion the Remuneration Report of Toro Energy Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Signed at Wayville on this 9th day of September 2009

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2009.

Use of cash and cash equivalents

The company has used all cash and cash equivalents for the purpose of carrying out its stated business objectives.

Distribution of equity securities

Ordinary share capital

- 555,757,795 fully paid ordinary shares are held by 8,631 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

- 15,235,000 unlisted options are held by 20 individual option holders.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	**Unquoted Options**
1 - 1,000	573	-
1,001 - 5,000	2,274	-
5,001 - 10,000	2,511	-
10,001 - 100,000	2,982	4
100,001 and over	291	16
	8,631	**20**
Holding less than a marketable parcel	**1,494**	

Substantial shareholders

Ordinary shareholders	**Fully paid**	
	Number	**Percentage**
OZ Minerials Ltd	241,917,297	43.53%
OXIANA LTD	35,474,948	6.38%
	277,392,245	**49.91%**

Optionholders >20%

	Unquoted Options	
	Number	**Percentage**
Nil	Nil	Nil

Twenty largest holders of quoted equity securities

	Ordinary Fully Paid Shares	
	Units	% of issued Capital
OZ MINERALS LTD	241,917,297	43.53
OXIANA LTD	35,474,948	6.38
ANZ NOMINEES LIMITED <CASH INCOME A/C>	18,923,123	3.40
ALLARROW PTY LTD	9,890,269	1.78
CITICORP NOMINEES PTY LIMITED	5,739,652	1.30
TE & CG MCMAHON NOMINEES PTY LTD <MCMAHON SUPER FUND NO2 A/C>	5,164,395	0.93
MINOTAUR RESOURCES INVESTMENTS PTY LTD	5,051,000	0.91
HSBC CUSTODY NOMINEES (AUST) LIMITED	5,010,273	0.90
MRS CHRISTINA GAIL MCMAHON	4,525,000	0.81
PANAMUNA INVESTMENTS PTY LTD	4,525,000	0.81
MR TERENCE EDWIN MCMAHON	4,440,266	0.80
DR LEON EUGENE PRETORIUS	3,295,527	0.59
DEEP YELLOW LTD	3,066,667	0.55
ARREDO PTY LTD	2,807,394	0.51
BRAIDWOOD INVESTMENTS WA PTY LTD	2,696,433	0.49
ARELEY KINGS PTY LTD	2,378,170	0.43
MR FREDERICK GRAHAM MOIR + MR KEVIN VINCENT BENSON <MOIR SUPER FUND NO 4 A/C>	2,000,00	0.36
MR JASON CHARLES LAWRENCE	1,925,000	0.35
MRS RACHEL PEARCE <PEARCE FAMILY A/C>	1,738,270	0.31
MERRILL LYNCH (AUST) NOMINEES PTY LIMITED	1,414,294	0.25
	361,982,978	**65.12%**

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