

Securities Trading Policy



1 INTRODUCTION

The Company's Board of Directors has adopted this trading policy on buying and selling shares ("Securities") of the Company which applies to all directors, senior management and other employees of the Company and its subsidiaries ("Designated Persons"). It is important to remember that although this trading policy only applies to the persons specified above, the insider trading prohibitions set out in the Corporations Act 2001 (Cwlth) ("Corporations Act") and discussed in Part 3 below, apply to all Employees and also members of each Employee's family).

2 DEFINED TERMS

In this policy:

ASX means ASX Limited.

Board means the Board of Directors of the Company.

Securities includes shares in the Company, options over those shares and any other financial products of the Company traded on ASX.

Designated Persons includes directors, senior management and other employees of the Company and its subsidiaries.

3 INSIDER TRADING

3.1 If a person has information about securities and the person knows, or ought reasonably to know, that the information is "inside information", it is likely to be illegal for the person to:

- (a) deal in the securities;
- (b) procure another person to deal in the securities; or
- (c) give the information to another person who the person knows, or ought reasonably to know, is likely to:
 - (i) deal in the securities; or
 - (ii) procure someone else to deal in the securities.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to constitute Inside Information.

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3.2 What is Inside Information?

Inside Information is information relating to the Company which is not generally available but would, if the information were generally available, be likely to have a material effect on the price or value of the Company's Securities ("**Inside Information**"). Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company's Securities.

Examples of Inside Information could be:

- (a) changes in the Company's actual or anticipated financial condition or business performance;
- (b) changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (c) changes to the Board of Directors or significant changes in senior management;
- (d) likely or actual entry into or loss of a material contract;
- (e) material acquisitions or sales of assets or businesses by the Company;
- (f) a material claim against the Company or other unexpected liability.

3.3 When is information generally available?

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to ASX or otherwise brought to the attention of investors in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

3.4 What are the consequences if you breach the insider trading prohibitions? Breach of the insider trading laws may subject you to:

- (a) criminal liability - penalties include heavy fines and imprisonment; and
- (b) civil liability - you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities.

Breach of the law or this trading policy or both will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

4 THE COMPANY'S TRADING POLICY

4.1 What does this trading policy apply to?

This trading policy applies to all information relating to the Company's Securities.

4.2 General prohibitions

If you possess Inside Information concerning the Company's Securities, you must not:

- (a) deal in the Company's Securities or enter into an agreement to do so;
- (b) procure another person to do anything specified in paragraph (a); or
- (c) pass on that information to anyone who is likely to engage in the activities specified in paragraphs (a) or (b) above.

These general prohibitions are overriding obligations and apply at all times, despite all other terms of this trading policy.

4.3 Trading windows

Subject to paragraph 4.2, all Toro Energy Limited Designated Persons may only deal in the Company's Securities during the following "trading windows":

- (a) for a period of up to 4 weeks after the release of the Company's half yearly results announcement to the ASX;
- (b) for a period of up to 4 weeks after the release of the Company's annual results announcement to the ASX;
- (c) for a period of up to 4 weeks after the close of the Company's annual general meeting;
- (d) for a period of up to 14 days after the release of the Company's quarterly activities report;
- (e) at any time a prospectus or similar disclosure document has been lodged with ASIC and is open for acceptances; and
- (f) at such other times as the Board of Directors of the Company declares trading permissible in a written note to Designated Persons.

Dealing in the Company's Securities by Designated Persons is prohibited for 24 hours after the commencement of a trading window and at any time outside a trading window listed above.

4.4 Company share and option plans

If Designated Persons participate, or are eligible to participate, in a Company employee share, option or other equity plan ("Plan"):

- (a) applications to participate in the relevant Plan;
- (b) acquisitions of the Company's Securities (as applicable) under the relevant Plan; and
- (c) variations-of instructions in relation to levels of participation in the relevant Plan,

may be made at any time whether or not within the trading windows.

4.5 Prior notification

If Designated Persons propose to deal in the Company's Securities (which includes entering into an agreement to deal) during a trading window they must first:

- (a) complete and forward a "Notification Form to Deal in the Company's Securities" in the form of Part A of Schedule 1 to the "Notification Officer(s)" (as defined in Schedule 2); and
- (b) receive confirmation in the form of Part B of Schedule 1 signed by the Notification Officer(s) in their discretion to allow them to deal in the Company's Securities.

The notification must state that the proposed dealing in the Company's Securities is not as a result of access to, nor the receipt of, Inside Information.

Notification of any dealing in the Company's Securities under this paragraph and the completion of Part B of the Notification Form to Deal in the Company's Securities does not constitute approval of the dealing by or on behalf of the Company.

4.6 Confirmation

In addition to providing advance notice under paragraph 4.5, Designated Persons must confirm in writing to the relevant Notification Officer(s) when the dealing in the Company's Securities has occurred, the number of Securities affected and the relevant parties to the dealing.

4.7 Trading with permission

If there are:

- (a) exceptional circumstances; and
- (b) the person concerned declares that they do not possess any Inside Information,

then approval may be given by the Notification Officer in their discretion to allow a Designated Person to deal outside a trading window.

Any such approval must be obtained in advance. It cannot be given after the event.

4.8 Extension of trading policy

The Board of Directors may also from time to time extend this trading policy by specifying that Staff are also restricted from dealing in the Securities of other specified companies with which the Company may have a close relationship.

5 EMPLOYMENT AND MONITORING OF COMPLIANCE

A copy of the Company's trading policy will be distributed to all employees and directors (present and future).

6 FURTHER INFORMATION

If you require any further information or assistance, or are uncertain about the application of the law or this trading policy in any situation, please contact the Company Secretary on (08) 8132 5600. You may wish to seek your own professional legal advice before dealing the Company's Securities.

7 REFERENCE DOCUMENTATION

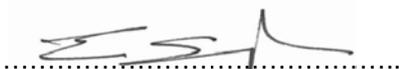
Schedule 1- Notification form to deal in the Company's Securities Schedule 2- Notification Officers

8 APPROVED AND ADOPTED

This policy was approved and adopted by the Board:-

Date: ...23 December 2010.....

Signed



Erica Smyth, Chairperson of the Board of Directors of
Toro Energy Limited



SCHEDULE 1 - NOTIFICATION FORM TO DEAL IN THE COMPANY'S SECURITIES

Part A - For completion by Designated Person

Name of Designated Person	
Description of Securities (ie number of Securities)	
Nature of agreement/dealing (sale/purchase/subscription)	
Proposed date of transaction (ie completion date)	

I confirm that:

- (a) I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of the Company's Securities; and
- (b) the transaction in the Company's Securities described above does not contravene the Trading Policy of the Company dated 23 December 2010.

Signed:

Dated:

Part B - For completion by Notification Officer

I confirm that I am not aware of any circumstances pursuant to which the Designated Person named above is or is likely to be in possession of the unpublished information which, if generally available, might materially affect the price or value of the Company's Securities.

Name:

Signature:

Dated:

The completed form is to be sent to the Company Secretary or other applicable Notification Officer(s).

SCHEDULE 2 - NOTIFICATION OFFICERS

In this policy the relevant Notification Officer(s) for each of the Designated Persons is as set out in the table below:-

Designated Person	Notification Officer(s)
Chairman	Chairman of the Audit, Risk and Compliance Committee
Managing Director or Chief Executive Officer	Chairman
Non-executive Directors	Chairman
Company Secretary	Managing Director
All other Designated Persons	Managing Director

APPROVED:

GREG HALL
 MANAGING DIRECTOR

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