TORO ENERGY LIMITED

an emerging australian uranium producer

2015 annual report

CORPORATE INFORMATION

Directors

Mr John Cahill (Acting Chair)

Dr Vanessa Guthrie (Managing Director)

Mr Richard Patricio

Mr Richard Homsany

Mr Michel Marier

Company Secretary

Mr Todd Alder

Registered Office

33 Richardson Street, West Perth WA 6005

Principal Place of Business

33 Richardson Street, West Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street, Adelaide SA 5000

Auditor

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road West Perth WA 6005

Securities Exchange Listing

Toro Energy Limited shares are listed on the Australian Securities Exchange Ltd
(ASX Code: TOE)

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OUR VISION

TO BECOME THE NEXT AUSTRALIAN MID-TIER URANIUM PRODUCER

OUR VALUES

WELLBEING

WE VALUE THE SAFETY AND WELLBEING OF EVERY INDIVIDUAL

TEAM WORK

WE ARE A TEAM: WE ALL TAKE RESPONSIBILITY FOR OUR ACTIONS TOGETHER

FOCUS

WE EACH CONTRIBUTE TO OUR SUCCESS WITH VISION, ENERGY, COURAGE AND EFFECTIVENESS

RESPECT

WE ARE OPEN, HONEST AND WE LISTEN WITH RESPECT TO OTHERS

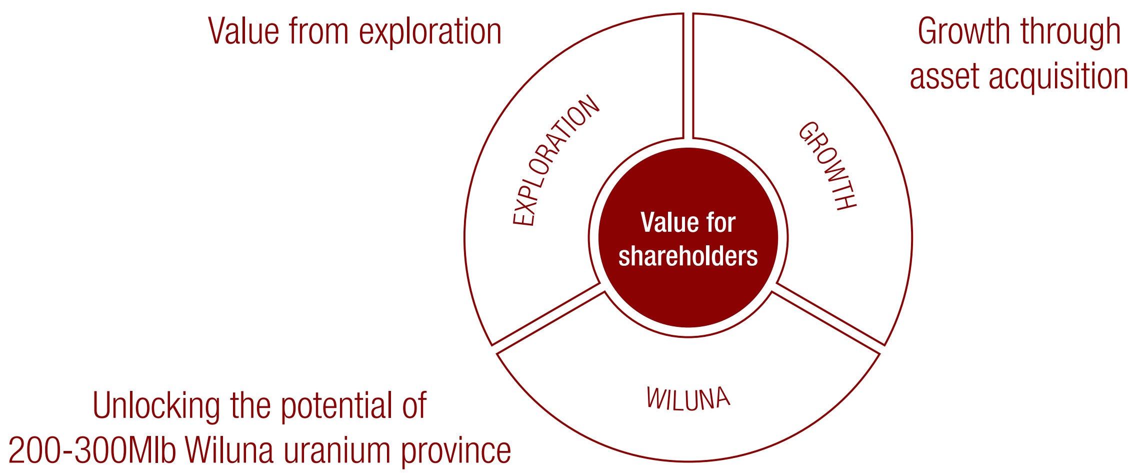
RELIABLE

WE DO WHAT WE SAY WE WILL DO

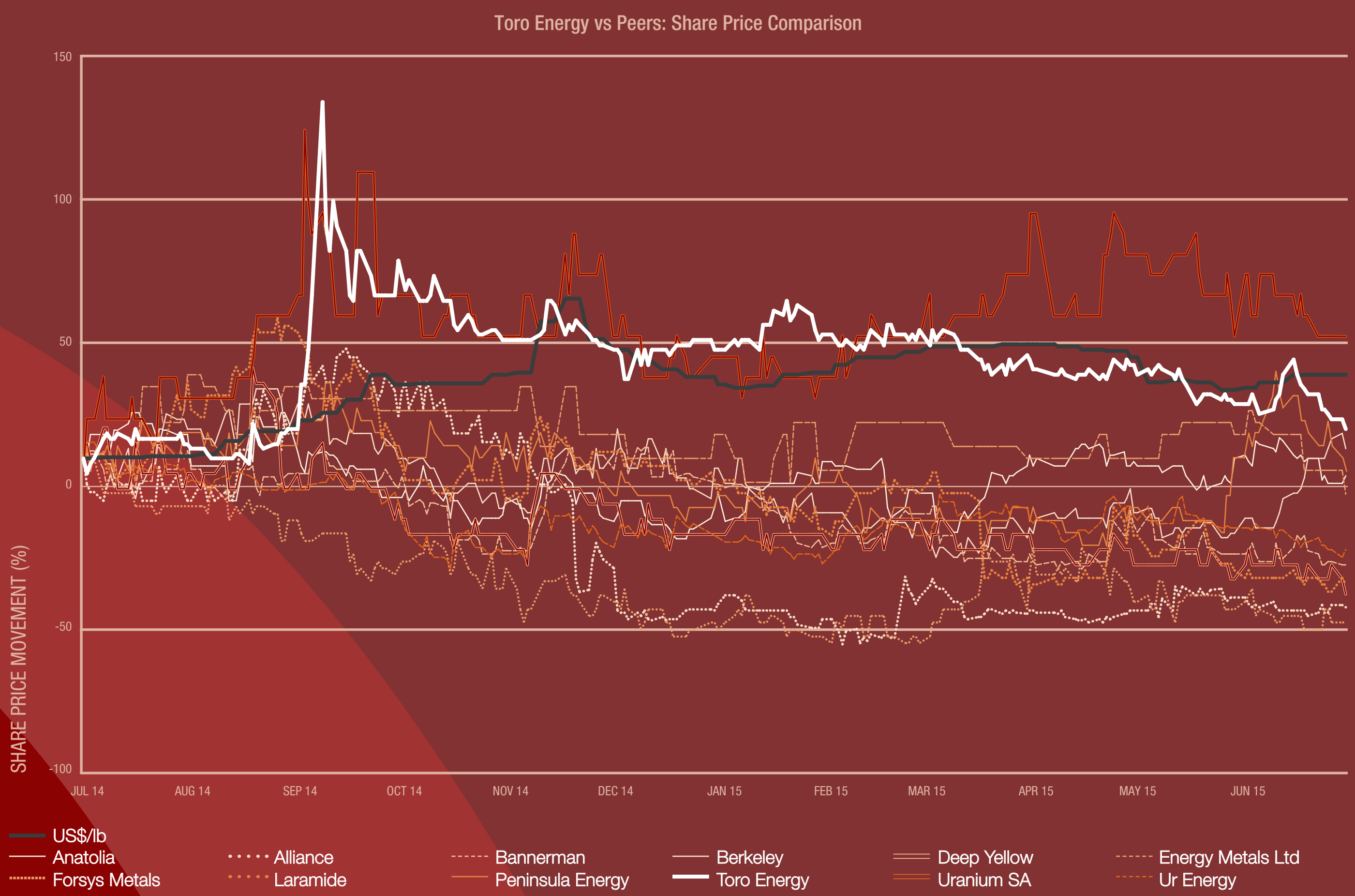
INTEGRITY

WE LIVE THESE VALUES EVERY DAY WITH INTEGRITY

OUR STRATEGY



OUR PERFORMANCE



CHAIRMAN & MANAGING DIRECTOR'S REVIEW

Dear Shareholder

We are pleased to report that the 2014/15 financial year has been another strong period in the development of Toro as an emerging Australian uranium producer. While the current uranium market conditions remain difficult, your Board and Management has continued to protect shareholder value through prudent cash management, whilst seeking the best opportunities to grow your company and add value through the development of our flagship Wiluna Uranium Project.

During the year, the Company's main focus was on establishing a strong financial platform on which to weather the prolonged negative market conditions. In December, we welcomed the independent global private equity firm The Sentient Group as a shareholder through a $20M Subscription and Securities Sale Agreement (SSSA) and Unitisation Deed. This cash injection enables the Company to continue to develop the Wiluna Project and position Toro as the next uranium producer in Australia.

Under the terms of the SSSA, Toro secured $10M in working capital and acquired Sentient's interests in TSX-listed Strateco Resources through a 19.8% equity interest, a $3M loan and $14.1M in convertible notes, as well as other minor uranium investment interests.

Your Board believe that this high quality asset is undervalued because of the current political challenges facing mining in Quebec, and that with time, the Matoush Project should be able to be developed with the full support of the local communities.

The Unitisation Deed has provided Toro with $10M to be used for research and development activities on the Wiluna Project, in return for a fee of 2.5% of the gross proceeds from production. During the year, this has enabled Toro to investigate optimisation of the Wiluna Project with the aim of improving the economics and attractiveness of the investment.

On the back of this investment by Sentient, the Company provided all shareholders with the opportunity to participate in a Share Purchase Plan. Combined with a further investment from Realfin Capital Partners, Toro was able to secure a further $4.9M in cash, which enabled the Company to repay $6M of the Macquarie Bank's $12M debt facility. Toro is currently finalising a refinancing of the remaining $6M with a 3-year interest free loan from Sentient. When completed the Company will be well funded to progress through the current market downturn.

Management continue to work on ensuring the Wiluna Project can be financed and brought into production as the uranium market improves. During 2014, the highest ever recorded intersections of uranium in the Millipede deposit and further evidence of continuous mineralisation at Centipede and Lake Maitland were found. The 2015 drilling program has targeted these high grade zones for further confirmation.

Project improvement studies under the Unitisation Deed commenced during the year, with a key focus on process design, project configuration and operating and capital cost structures for the project. Positive results to date have been identified in beneficiation and optimisation of the chemical flow sheet specific to Wiluna, as well as construction and procurement costs.

Work also continues on gaining the environmental approvals for the extension of the Wiluna Project to include the Lake Maitland and Millipede deposits. The Company is aiming to have received full State and Federal government approvals in the second half of 2016. Along with the mining agreement being negotiated with the Traditional Owners, these approvals provide the certainty required for Wiluna to go into project financing.

Positive signs of a uranium market recovery appeared during the year despite the continued challenge of soft sentiment in resource stocks and particularly uranium. Spot prices improved around 23% during the financial year to finish and hold steady at around $36.50/lb, while small volumes of long-term contract trades held the contract price flat at $45/lb. The improving sentiment has been strengthened by the restart of Sendai Reactor No. 1 in Japan in August, and the expected restart of Sendai Reactor No. 2 in September, signalling a return to nuclear power production in Japan after a 3-year hiatus. An additional 24 reactor restart applications have been made with Japan's Nuclear Regulatory Authority.

Toro firmly believes that the bottom of the uranium price cycle has passed and that a return to more encouraging prices is appearing. Medium to long-term outlook remains positive, based on future demand which is driven by the growing nuclear economies of China and India, and falling supplies. China's nuclear power capacity continues to grow with continued construction of 26 new reactors and further reactors planned to achieve its target of 58GWe by 2020. In India, Prime Minister Modi has set a goal of 17GWe of nuclear power by 2024, and a target of achieving 25% of their power demand to be met by nuclear capacity by 2035.

Toro is well positioned to leverage this growth in India. Your Managing Director, Vanessa Guthrie was invited by Australia's Prime Minister, the Hon Tony Abbott MP to attend the signing of the Nuclear Civil Cooperation Agreement between our two countries in September 2014. Following this historic event, Vanessa was appointed by the Prime Minister to the Australia-India CEO Forum, to advise on bilateral economic relationships as Australia and India negotiate a Free Trade Agreement. This appointment supports Toro's focus on developing relationships in a new market for the export of Australian uranium, which can deliver much needed power to India's growing population, including providing over 300 million people who currently live without electricity with access to clean, low carbon footprint nuclear power.

In closing, we would like to extend thanks to our retiring Board members who have supported Toro through from its inception to the highly regarded company we are today. In particular, we thank Erica Smyth and Greg Hall for their tireless efforts and commitment.

We would also like to thank our shareholders for their continued faith in Toro and the nuclear industry and our regional stakeholders for their ongoing support of our development efforts.

In the coming financial year we will strive to continue to unlock the potential of the Wiluna Project by strengthening Toro's position as an emerging global uranium producer.

John Cahill and Vanessa Guthrie
Acting Chairman and Managing Director

BOARD OF DIRECTORS

ACTING CHAIRMAN

John Cahill
BBus Grad Dip Bus FCPA GAICD

Mr Cahill has over 25 years' experience working in senior treasury, finance, accounting and risk management positions predominantly in the energy utility sector. Mr Cahill is currently a Director of Emeco Holdings Limited. He is also a Councillor at Perth's Edith Cowan University and a Non-Executive Director of the Accounting Professional & Ethical Standards Board. He is a Graduate Member of the AICD and a Fellow and life member of CPA Australia Ltd.

MANAGING DIRECTOR

Dr Vanessa Guthrie
BSc(Hons), PhD (geology), Dip. Nat. Res., Dip. Bus. Mgt, Dip. Comm. Res. Law, MAICD

Dr Guthrie is a member of the AICD, was a former Director of uranium explorer, Nova Energy, is currently a Non-Executive Director at the Western Australian Water Corporation and Murlpirrmarra Connection, and is Deputy Chair of the Board of the Minerals Council of Australia. She has an extensive career in the mining industry, company strategy, sustainability, indigenous affairs and environment. She was mine manager for Alcoa's Huntly bauxite mine and was head of Sustainable Development for Alcoa World Alumina Australia and then Woodside Energy.

Michel Marier
NON-EXECUTIVE DIRECTOR

Mr Marier joined Sentient in 2009 as an investment manager. Before joining Sentient, Mr Marier worked for 8 years at the Private Equity division of la Caisse de dépôt et placement du Québec (CDPQ).

Mr Marier holds a Master's Degree in Finance from HEC Montreal and is a CFA charter holder.

Mr Marier is a member of the Company's Audit and Risk Committee.

Richard Patricio LL.B
NON-EXECUTIVE DIRECTOR

Mr Patricio is the Chief Executive Officer of Pinetree Capital Ltd and is the Chief Executive Officer and President of Mega Uranium Ltd. In addition to his legal and corporate experience, Mr Patricio has built a number of mining companies with global operations.

He holds senior officer and director positions in several junior mining companies listed on the TSX, TSX Venture, AIM and NASDAQ exchanges. Previously, Mr. Patricio practiced law and worked as in-house General Counsel for a senior TSX listed company.

Richard Homsany LL.B (Hons), B. Com, Grad. Dip. Fin & Inv, F Fin, MAICD, CPA
NON-EXECUTIVE DIRECTOR

Mr Homsany is an experienced corporate lawyer and Certified Practising Accountant advising numerous clients in the energy and resources sector, including public listed companies. He was Corporate Partner of international law firm DLA Phillips Fox (now DLA Piper) where he advised clients on a range of transactions and matters including capital raisings, IPO's, stock exchange listings, mergers & acquisitions, finance, joint ventures, divestments and governance. Mr Homsany is a Fellow of FINSIA and a Member of the AICD.

Fiona Harris, Chairman – Leave of absence
Note: Full biographies are available in the financial section of this report.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NUCLEAR MARKET

MARKET SENTIMENT CONTINUES TO IMPROVE AS EMERGING ECONOMIES EMBRACE LOW EMISSION NUCLEAR POWER

The spot price of uranium recovered from US$28.25/lb at the beginning of the financial year to US$36.50/lb at the close of the financial period with long term prices holding firm at US$44.00–$45.00/lb. Demand increases of between 15% to 22% by 2020 and 37% to 58% by 2025 are expected.

Market sentiment continues to improve as emerging economies embrace low emission nuclear power.

China approved the first new reactor build projects since the Fukushima incident with China General Nuclear Power Corporation receiving the go ahead for two 1000MWe reactors. China has 26 nuclear reactors in operation, 25 reactors under construction and plans for 92 in operation by 2025 and 129 by 2030; a fivefold expansion on current nuclear generating capacity.

To fulfil nuclear fuel requirements for its own expansion plans, India signed uranium supply contracts with Canada, Kazakhstan and Uzbekistan and the Nuclear Civil Cooperation Agreement with Australia.

India has 21 nuclear reactors in operation, 6 under construction and plans for 32 in operation by 2025 and 43 by 2030.

Prior to Fukushima, Japan's nuclear fleet accounted for 9% of global uranium demand and almost 30% of Japan's energy mix. The Japanese Government's commitment during the year to 20–22% of its baseload power coming from nuclear, the restart of Sendai No. 1 nuclear reactor and the imminent restart of Sendai No. 2 are positive indicators for the region and the sector.

These emerging economies' expansion plans together with many of the developed countries existing commitments to nuclear energy are forecast to increase nuclear energy demand from 442 operable reactors producing 380GWe of electricity in 2015, to 512 reactors producing 471GWe in 2025 and 576 reactors producing 560GWe in 2030, an increase in demand of 24% and 47% respectively.

On the supply side, the market has seen consolidation predominately in North America with companies such as Energy Fuels merging with Uranerz Energy, Denison Mines merging with Fission Energy and Uranium Resources merging with Anatolia Energy.

Closer to home ERA has abandoned plans for the expansion of its Ranger mine, Alliance Resources sold its share of the 4 Mile uranium deposit to the privately owned US company Heathgate Resources and the South Australian Government initiated a Royal Commission into the nuclear fuel cycle with a focus on mining, conversion and enrichment, nuclear power and waste storage. All of these signals mean that demand for Australian uranium will increase over the coming years and there will be less supply ready to deliver.

Combining the forecasted uranium demand increases, with the current supply side constraints and consolidation, we anticipate a return to higher uranium prices and Toro achieving its goal of being first to bring new Australian uranium supplies to the market.

WE ANTICIPATE A RETURN TO HIGHER URANIUM PRICES THAT WILL MEAN TORO CAN ACHIEVE ITS GOAL OF BRINGING NEW AUSTRALIAN URANIUM SUPPLIES TO THE MARKET

COMPANY PERFORMANCE

CORPORATE AND EXPLORATION

Toro completed a substantial financing and investment transaction during the year that resulted in The Sentient Group investing $10M into Toro for working capital and $10M in funding dedicated to the Wiluna Uranium Project (in return for a 2.5% project fee on production). Toro also acquired Sentient's equity and debt interests in the TSX listed Strateco Resources, owner of the 27Mlb Matoush Uranium Project in northern Quebec, Canada.

In June 2015, Strateco notified it had become insolvent and filed for court protection. Toro's loan and convertible notes in Strateco are secured against the assets of Strateco, including the Matoush Project in Quebec.

As a result of the transaction Sentient owns an 18.3% equity interest in Toro and Toro's balance sheet is significantly improved.

The $10M Wiluna Uranium Project Unitisation Deed is set aside for research and development work designed to explore opportunities to enhance and optimise the process design, project configuration and operating and capital cost structure for the Wiluna Uranium Project. Toro and Sentient have established a Technical Committee to manage this work.

Toro also completed a $4.9M Share Purchase Plan priced at 8 cents per share that included a $1M commitment from Toro's existing shareholder Realfin Capital Partners.

Toro's renewed financial strength enables the Company to actively pursue a growth agenda. The continued weakness in global uranium markets presents Toro with the opportunity to improve its asset base by acquiring low cost uranium resources globally and position Toro as a true mid-tier uranium company with an enviable pipeline of projects.

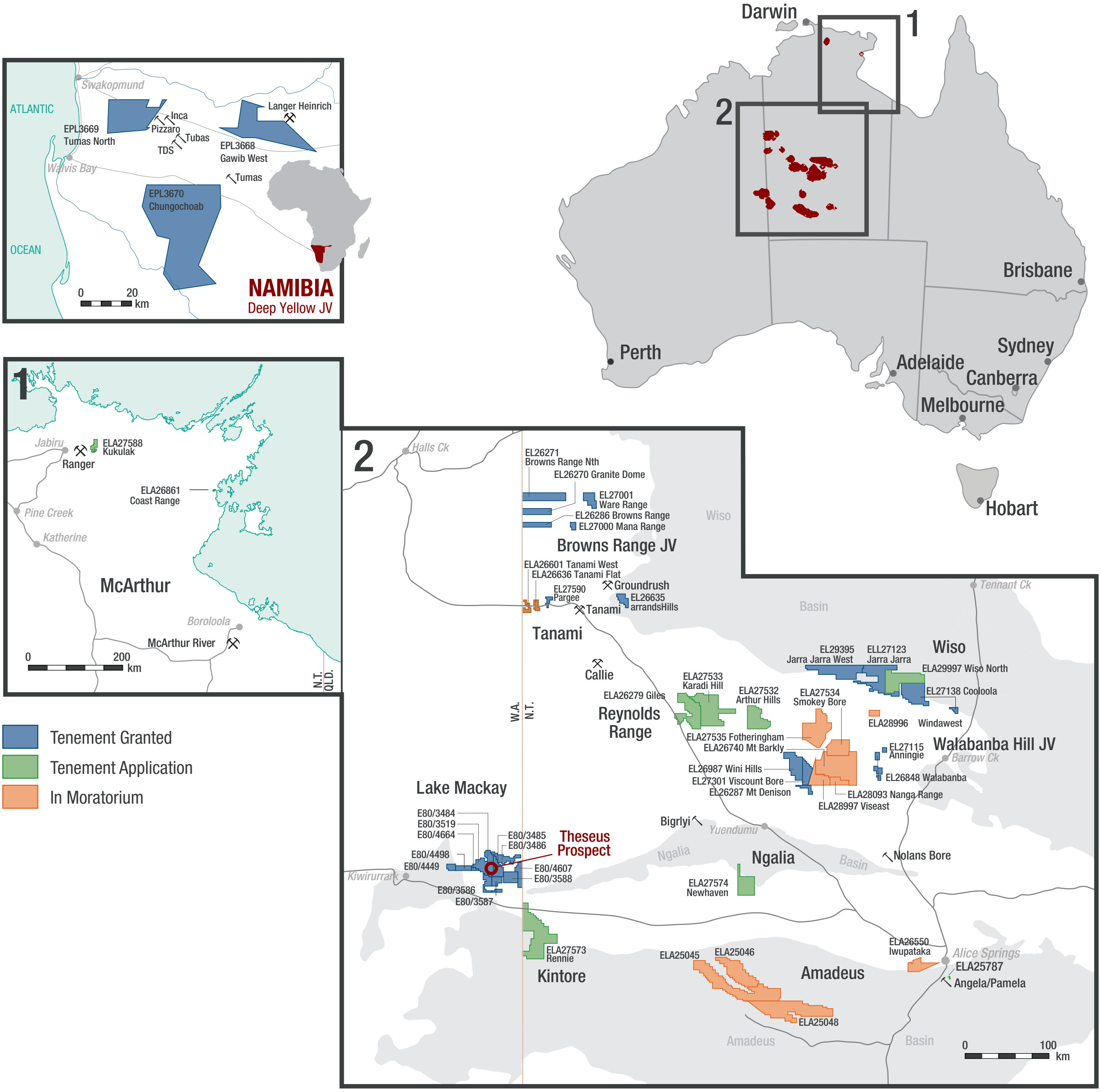
In exploration during the year, Toro maintained its most prospective exploration tenure at the Theseus Uranium Project and Lake Mackay prospect and sought to joint venture, consolidate or relinquish less prospective ground holdings.

A joint venture agreement was signed with Areva Australia for exploration over the highly prospective Wiso Basin which is a basin sized uranium mineralisation system, capable of hosting multiple deposits amenable to in situ recovery operations. Drill testing of an EM target was completed, however subsequently Areva elected not to continue with the joint venture earn-in.

Other joint ventures were established and maintained to protect Toro's uranium rights and enable other minerals to be explored. Joint ventures with Northern Minerals, Rum Jungle Resources and TNG have enabled Toro to retain exploration upside value.

Toro will continue to rationalise its exploration portfolio to focus on established resources and near-term opportunities that are low cost and early to production.

Exploration Project Areas 2015



WILUNA

WILUNA IS THE COMPANY'S FLAGSHIP ASSET

Wiluna Uranium Project ("Wiluna" or the "Project") comprises six calcrete associated uranium deposits with a total inventory of 76.5Mlb uranium, including 42Mlb at around 900ppm uranium average grade (200ppm U_3O_8 cut off).

Toro is the first company to successfully permit a uranium mine in Western Australia since the State Government policy shifted in 2008 to supporting uranium mining.

The Centipede and Lake Way deposits and central processing facility have received State and Federal environmental approval ("Wiluna Uranium Project approvals"), subject to conditions, that provides Toro with a "first to market advantage" over other potential Australian uranium mines.

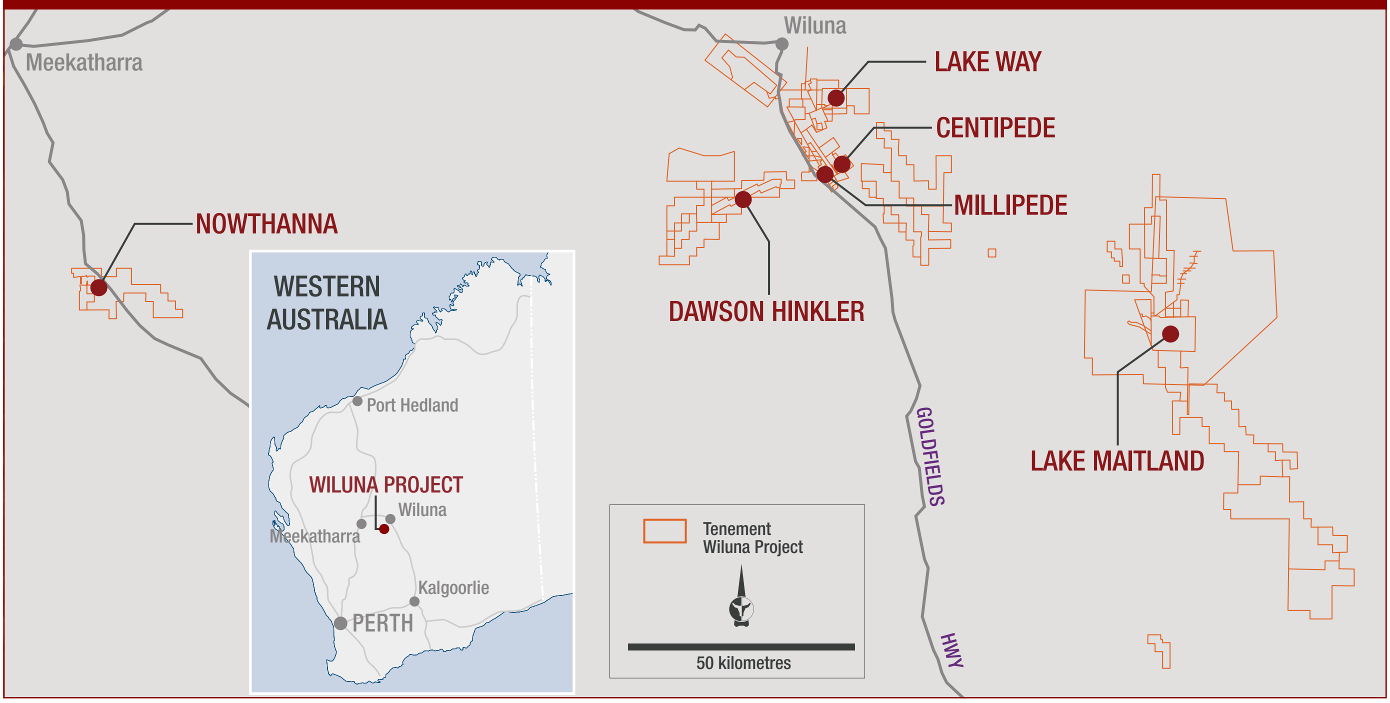
Our focus is to ensure Wiluna is capable of being financed and brought into production as soon as the uranium market supports development. To that end, our activities during the reporting period focussed on:

1. Progressing government environmental approvals for mining at the Millipede and Lake Maitland deposits;
2. Progressing a mining agreement with the Wiluna Native Title Holders;
3. Resource drilling and geological analysis;
4. Technical studies targeting process design, cost and Project configuration improvements; and
5. Progressing financing discussions with potential financing partners with a strong emphasis on the emerging nuclear economies of Asia and India.

Health, Safety, Environment and Radiation

There were no externally reportable Health, Safety or Environmental incidents during the year, resulting in a Lost Time Injury Frequency Rate (LTIFR) and Reportable Environmental Incidents both at zero. This level of performance was achieved in a period in which we undertook the largest single drilling campaign in the Company's history. This is consistent with Toro's risk profile, which highlights that most current activities are field based and are completed during short term campaigns. The Project has continued to maintain total compliance with Federal and State Ministerial conditions issued with the Wiluna Uranium Project approvals.

WILUNA PROJECT TENEMENTS



Community

The focus of our local and regional community engagement during the reporting period continued to be our relationship with local Aboriginal people. Negotiations continued with the Wiluna Native Title Holders for a mining agreement to cover our proposed activities at Millipede, Centipede and Lake Way and supporting infrastructure. To support the negotiations, Toro provided further funding to the Wiluna People to obtain their own independent advice on issues of most importance to them including groundwater and radiation management, cultural heritage protection and the proposed commercial terms of the agreement. Substantial progress was made in the negotiations and all parties are working towards a conclusion by the end of 2015.

To enable Toro to provide employment opportunities to Aboriginal people, funds have been provided to build the capacity of the Wiluna People, including training for radiation and groundwater monitoring. The Wiluna People and Toro are undertaking this work with a view to the Wiluna People being able to undertake monitoring for Toro during mining operations, either as employees or through an Aboriginal enterprise on a fee for service basis.

Toro continued its involvement in the Wiluna Regional Partnership Agreement and the Murlpirrmarra Connection, two key partnerships which aim to improve educational outcomes and increase the economic participation and governance of Aboriginal People. Toro took part in a highly successful Careers Expo organised through the Regional Partnership Agreement which came to an end in June 2015. Toro is seeking to maintain the local impetus created by the RPA through initiating restoration of the historic Wiluna Mine Manager's House as a community project. The proposal is to provide training through the project which could be applied to local needs for home maintenance and repairs and develop into an Aboriginal business venture.

In October 2014, Toro was hosted by the Barwidgee People on a visit to their lands. The Barwidgee People have interests at Lake Maitland and Toro discussed with them its plans for mining in the area. The discussions also covered support from Toro for community development initiatives, including the establishment of a camping ground to be used as a focus for teaching younger Barwidgee People about their land and culture.

Governmental Approvals

Following on from the successful approval of the Centipede and Lake Way deposits and the processing plant at Wiluna, the permitting process for mining at Millipede and Lake Maitland continued during the year.

In February 2015, the Western Australian Environmental Protection Authority (EPA) approved Toro's Environmental Scoping Document (ESD) which outlines the framework for Toro's preparation of a Public Environmental Review (PER) and identifies the key environmental factors to be considered in government assessment of mining at Millipede and Lake Maitland.

The EPA has set a 12-week public review period for the PER which is scheduled for the second half of 2015. Permitting of new uranium mines remains a challenge for project developers globally. As uranium market sentiment improves, we expect there to be a strong increase in appetite to invest in advanced projects that can offer near-term production from a stable jurisdiction.

THE FOCUS OF OUR LOCAL AND REGIONAL COMMUNITY ENGAGEMENT CONTINUES TO BE OUR RELATIONSHIP WITH THE WILUNA PEOPLE

Resources and Mine Planning

During the financial year, Toro completed a 130 hole sonic drilling program designed to investigate previous gamma probe measurements that may have led to an underestimation in significant parts of the Wiluna resource. The latest drilling program will allow Toro to assess the magnitude of this difference and how to incorporate the findings into the mineral resource estimation process.

The 2015 program included 66 holes for 505m at Centipede and Millipede, 49 holes for 536m at Lake Maitland and 15 holes for 124m at Nowthanna. Some 1,818 half metre full core samples were collected for geochemical analysis and approximately 600 sub-samples for consideration for mineralogical analysis.

All geological data including final probing data inclusive of gamma, pfn, conductivity, dual density and porosity logs are currently being reviewed. Geochemical analyses are expected to be completed in September and a new resource estimate is expected to be generated for Wiluna during final quarter of 2015. This will then be used to revise the mine planning and design and project economic model during 2016.

Engineering and Design

Toro is completing the necessary preparations to be able to consider the commencement of the final feasibility study for Wiluna in 2016.

Following the receipt of the Unitisation Deed funding from Sentient, Toro initiated a number of programs designed to explore opportunities to enhance and optimise the process design, project configuration and operating and capital cost structure of the project.

CSIRO and ANSTO were engaged to study the compounds and processes that could concentrate uranium from highly saline carbonate leach solutions, thereby changing the cost of uranium precipitation. Both programs have identified compounds that show promise and the final phases of the ANSTO program is continuing.

A program to assess the applicability of Marenica Energy's U-pgrade™ beneficiation technology to Wiluna ore was initiated. Marenica's process has been reported to achieve ~98% rejection of mass and a 50 times concentration of uranium in leach feed on calcrete hosted uranium ore samples from Namibia. If comparable results can be achieved on Wiluna ore then significant improvements to the project cost structure may be possible. Although the assessment program is not due for completion until later this calendar year, early desliming results are promising and a previously unknown uranium association with a single gangue mineral has been discovered. This mineral association can potentially be exploited to concentrate uranium prior to leaching. Testwork is ongoing to determine this opportunity.

These development programs will be supplemented with a review of the current project capital and a preliminary consumable sourcing study that have been initiated and will be completed early in the next financial year.

Current Resources Table – Wiluna Uranium Project In accordance with JORC 2012 (1)(2)

Deposit	U_3O_8 cutoffs	Measured		Indicated		Inferred		Total	
		200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm
Centipede	Mt's	2.9	1.2	7.5	3.1	0.0	0.0	10.4	4.3
	Grade ppm	551	872	572	943	0	0	567	923
	Mlb's U_3O_8	3.5	2.4	9.5	6.5	0.0	0.0	13.0	8.8
Lake Way	Mt's	0.0	0.0	10.3	4.2	0.0	0.0	10.3	4.2
	Grade ppm	0	0	545	883	0	0	545	883
	Mlb's U_3O_8	0.0	0.0	12.3	8.2	0.0	0.0	12.3	8.2
Millipede	Mt's	0.0	0.0	4.5	1.6	1.9	0.4	6.4	1.9
	Grade ppm	0	0	530	956	382	887	486	943
	Mlb's U_3O_8	0.0	0.0	5.3	3.3	1.6	0.7	6.9	4.0
Lake Maitland	Mt's	0.0	0.0	19.9	7.5	0.0	0.0	19.9	7.5
	Grade ppm	0	0	555	956	0	0	555	956
	Mlb's U_3O_8	0.0	0.0	24.3	15.7	0.0	0.0	24.3	15.7
Sub-total	**Mt's**	**2.9**	**1.2**	**42.2**	**16.3**	**1.9**	**0.4**	**47.0**	**17.9**
	Grade ppm	**551**	**874**	**553**	**934**	**382**	**887**	**546**	**929**
	Mlb's U_3O_8	**3.5**	**2.4**	**51.4**	**33.7**	**1.6**	**0.7**	**56.6**	**36.7**
Dawson Hinkler	Mt's	0.0	0.0	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	0	0	336	596	282	628	315	604
	Mlb's U_3O_8	0.0	0.0	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Mt's	0.0	0.0	0.0	0.0	11.9	2.3	11.9	2.3
	Grade ppm	0	0	0	0	399	794	399	794
	Mlb's U_3O_8	0.0	0.0	0.0	0.0	10.5	4.1	10.5	4.1
Total Regional Resource	**Mt's**	**2.9**	**1.2**	**50.6**	**17.2**	**19.0**	**2.9**	**72.5**	**21.3**
	Grade ppm	**551**	**874**	**519**	**915**	**365**	**791**	**479**	**898**
	Mlb's U_30_8	**3.5**	**2.4**	**57.6**	**34.8**	**15.3**	**5.1**	**76.5**	**42.3**

(1) Refer to Competent Persons' Statement in this report. It can be confirmed that there has been no material change to resources of the Wiluna Project since the last reporting of the Wiluna Project's resources on the 20 November 2013.

(2) Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.

Project Finance

Toro continued to focus on its relationships in the emerging uranium markets of Asia to advance its project financing initiatives.

Development opportunities for the Australian uranium industry expanded appreciably following the signing in September 2014 of the Nuclear Civil Cooperation Agreement between India and Australia. The Prime Ministers of both countries have expressed a desire to expand the bilateral economic relationship, marked by the Australia-India CEO Forum, chaired by Rio Tinto Managing Director Sam Walsh.

Toro's Managing Director Dr Vanessa Guthrie has been appointed to the CEO Forum, a further tangible indication of the growing recognition of the importance of Australian uranium to Indian economic development.

The Nuclear Civil Cooperation Agreement is a significant first step towards the sale of uranium from Australia to the growing nuclear power market in India. The agreement paves the way for Australian uranium to bring energy to the fast growing Indian market, and follows similar agreements India has with the United States, Canada, Russia and France.

The two governments are currently working upon the administrative protocols that will underpin the cooperation agreement including the significant safeguards arrangements, consistent with international standards and Australian laws. The US-India nuclear agreement announcement on nuclear liability issues further confirm the role of nuclear power in India's economic development.

In January 2015, Toro accompanied the Federal Minister for Trade and Investment, the Hon. Andrew Robb and 450 delegates to Australia Business Week in India. Toro heard first hand from private enterprise, government owned mining companies, power generators and regulators on the importance of energy to the growth of India and the increasing reliance on nuclear power as a clean energy source. Prior to the Business Week, Dr Guthrie attended the Vibrant Gujarat Summit where world leaders, business and community leaders were energized by the commitment of 2015 Prime Minister Modi to improve the living standards of the 1.25 billion people in India through commerce and investment.

Meetings were held with representatives of Toro's joint venture partners for the Lake Maitland deposit – JAURD International Lake Maitland Project Pty Ltd (JAURD) and Itochu Minerals and Energy Australia Pty Ltd (IMEA). Both parties are optimistic about the increasing need for uranium imports to meet Japan's power generation and are delighted with the recommencement of reactor operations in the second half of 2015. The potential timetable for the development of Wiluna is consistent with their demand for raw materials.

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DIRECTORS' REPORT

Your directors submit their financial report for the year ended 30 June 2015.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are;

Mr John Cahill	Non-Executive Chair (Acting) (Appointed 5 January 2015)
Dr Vanessa Guthrie	Managing Director
Mr Richard Patricio	Non-Executive Director
Mr Richard Homsany	Non-Executive Director
Mr Michel Marier	Non-Executive Director (Appointed 3 November 2014)
Ms Fiona Harris*	Non-Executive Director (Appointed 20 February 2015)
Ms Erica Smyth	Non-Executive Director (Resigned 16 March 2015)
Mr Greg Hall	Non-Executive Director (Resigned 16 March 2015)
Mr Peter Lester	Non-Executive Director (Resigned 17 November 2014)
Mr Andrew Coles	Non-Executive Director (Resigned 22 December 2014)

* Ms Harris is on a leave of absence starting from 30 June 2015.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr. John Cahill, BBus Grad Dip Bus FCPA GAICD (Non-Executive Director)

Mr Cahill has over 25 years' experience working in senior treasury, finance, accounting and risk management positions predominantly in the energy utility sector. He is the past Chief Executive Officer of Alinta Infrastructure Holdings and past Chief Financial Officer of Alinta Limited.

Mr Cahill is currently a Director of Emeco Holdings Limited, an ASX-listed mining services company and chairs its Audit and Risk Committee. He is also a Councillor at Perth's Edith Cowan University where he chairs its Resources Committee and is a Non-Executive Director of the Accounting Professional & Ethical Standards Board.

Mr Cahill holds a Bachelor of Business with a Major in Finance and Economics from the Western Australian Institute of Technology (now known as Curtin University) and a Post-Graduate Diploma of Business in Professional Accounting from Edith Cowan University. He is a Graduate Member of the Australian Institute of Company Directors and a Fellow and life member of CPA Australia Ltd.

Mr Cahill is the Chair of both the Company's Audit and Risk Committee and Remuneration & Nomination Committee.

Directorships of Listed Companies held during the previous three years:
Emeco Holdings Ltd

Dr Vanessa Guthrie, BSc (Hons), PhD (geology), Dip. Nat. Res., Dip. Bus. Mgt, Dip. Comm. Res. Law, MAICD (Managing Director)

Dr Vanessa Guthrie has qualifications in geology, environment and business management which includes a Bachelor of Science with Honours, a Doctor of Philosophy (Geology), and Diplomas in Natural Resources, Business Management and Law. Dr Guthrie's doctorate was completed under an Australian Institute of Nuclear Science and Engineering post-graduate scholarship, and she was the recipient of a six month Fellowship with France's Commissariat à l'Energie Atomique.

Dr Guthrie is a member of the Australian Institute of Company Directors, was a former Director of uranium explorer, Nova Energy, and is currently a Non-Executive Director at the Western Australian Water Corporation and Murlpirrmarra Connection, and is Deputy Chair of the Board of the Minerals Council of Australia.

She has an extensive career in the mining industry, company strategy, sustainability, indigenous affairs and environment. She is a former mine manager for Alcoa's Huntly bauxite mine at Dwellingup WA, and was head of Sustainable Development for Alcoa World Alumina Australia and then Woodside Energy for over 8 years. She has held previous roles with RGC Limited, Pasminco Limited and WMC overseeing environmental management and community relations of mining and refining operations in gold, nickel and base metals, including those in the Northern Goldfields.

Directorships of Listed Companies held during the previous three years:
Reed Resources Ltd (resigned November 2013)

Mr. Richard Patricio, LL.B (Non-Executive Director)

Mr. Patricio is the Chief Executive Officer of Pinetree Capital Ltd., a Toronto-based diversified investment, financial advisory and venture capital firm which specialises in the early-stage resource and technology investments. Mr. Patricio is also the Chief Executive Officer and President of Mega Uranium Ltd. a uranium-focused investment and development company with assets in Canada and Australia.

In addition to his legal and corporate experience, Mr. Patricio has built a number of mining companies with global operations. He holds senior officer and director positions in several junior mining companies listed on the TSX, TSX Venture, AIM and NASDAQ exchanges. Previously, Mr. Patricio practiced law at a top tier law firm in Toronto and worked as in-house General Counsel for a senior TSX listed company. Mr. Patricio received his law degree from Osgoode Hall and was called to the Ontario bar in 2000.

Directorships of Listed Companies held during the previous three years:
Plateau Uranium Corp. (Formerly Macusani Yellowcake Inc.)
U_3O_8 Corp.
Mega Precious Metals Inc.
Terreno Resources Corporation
Energy Fuels Inc
Caledonia Mining Corporation
Macarthur Minerals Ltd
NexGen Energy Ltd

DIRECTORS' REPORT

CONTINUED

Mr. Richard Homsany, LL.B (Hons), B. Com, Grad. Dip. Fin & Inv, F Fin, MAICD, CPA (Non-Executive Director)

Mr Homsany has extensive experience in the resources industry, having been the Executive Vice President for Australia at TSX listed Mega Uranium Ltd since April 2010. He has also worked for North Ltd, an ASX top 50-listed internationally diversified resources company in operations, risk management and corporate prior to its takeover by Rio Tinto Ltd.

Mr Homsany is an experienced corporate lawyer and Certified Practising Accountant advising numerous clients in the energy and resources sector, including public listed companies. He was Corporate Partner of international law firm DLA Phillips Fox (now DLA Piper) where he advised clients on a range of transactions and matters including capital raisings, IPO's, stock exchange listings, mergers & acquisitions, finance, joint ventures, divestments and governance.

Mr Homsany is a Fellow of the Financial Services Institute of Australasia (FINSIA) and a Member of the Australian Institute of Company Directors. He has a Commerce Degree and Honours Degree in Law from the University of Western Australia, and a Graduate Diploma in Finance and Investment from FINSIA (State Dux).

Mr Homsany has significant board experience with public listed companies in Australia and Canada. He is the Chairman of ASX listed copper explorer Redstone Resources Ltd and TSX-V listed iron ore and gold explorer Central Iron Ore Limited. Mr Homsany is currently the Chairman of the Health Insurance Fund of Australia Limited.

Mr Homsany is a member of the Remuneration & Nomination Committee.

Directorships of Listed Companies held during the previous three years:
Redstone Resources Ltd
Central Iron Ore Ltd
Merah Resources Ltd (now MinQuest Limited) (resigned April 2014)

Mr. Michel Marier (Non-Executive Director)

Mr Marier joined Sentient in 2009 as an investment manager. Before joining Sentient, Mr Marier worked for 8 years at the Private Equity division of la Caisse de dépôt et placement du Québec (CDPQ). Mr Marier holds a Master's Degree in Finance from HEC Montreal and is a CFA charter holder.

Mr Marier is a member of the Company's Audit and Risk Committee.

Directorships of Listed Companies held during the previous three years:
Geodynamics Ltd – ASX
Samco Gold – TSX.V

Ms Fiona Harris, B Comm FCA FAICD (Non-Executive Chair)

Fiona Harris has been a professional Non-Executive Director for a period of almost 20 years, covering a range of sectors from financial services to utilities, property and resources.

Fiona has had a longstanding interest and involvement in the energy and natural resources sector, and this has included involvement in:

- Resource companies transitioning from development into production involving a variety of commodities and utilising open cut and underground mining techniques;
- Energy companies operating in Australia, USA, PNG and the Middle East in oil, LNG, shale and renewables;
- Resource companies operating in West Africa, Australia and Finland and marketing product into China and Japan;
- The full spectrum of energy generation, transmission, distribution and retailing;
- Multiple mergers and acquisitions ranging in size up to A$15.7 billion; and
- Listed companies ranging from ASX50, ASX100, ASX200 and ASX300.

Fiona was a National Director of the Australian Institute of Company Directors and is also a past WA Division State President. She began her career with KPMG, spending 14 years working with them in Perth, San Francisco and Sydney.

Her current board positions are with Infigen Energy, BWP Trust, Perron Group and Oil Search Ltd.

The Board granted Ms Harris a leave of absence as Chair and Non-Executive Director for a period of 3 months beginning 30 June 2015.

Directorships of Listed Companies held during the previous three years:
Sundance Resources Ltd
Aurora Oil & Gas Ltd
Altona Mining Ltd
Oil Search Ltd
Infigen Energy
BWP Trust

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

Ms Smyth has over 30 years experience in the mineral and petroleum industries. She was Principal Geologist for BHP Minerals Limited and BHP-Utah Minerals International's Beenup Project Manager, Manager Gas Market Development WA for BHP Petroleum and General Manager – Corporate Affairs for Woodside Petroleum Limited. She has a Bachelor of Science from University of Western Australia and an Applied Master of Science from McGill University in Montreal, Canada. In 2008 she was awarded an Honorary Doctor of Letters from the University of Western Australia and in 2012 was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering.

Ms Smyth is currently the Chair of the Diabetes Research Foundation of WA. She is also a Non-Executive Director of Emeco Holdings Ltd; the Australian Nuclear Science and Technology Organisation (ANSTO) and the Deep Exploration Technologies CRC. The Chamber of Minerals & Energy (WA) awarded Ms Smyth a Lifetime Achievement Award in 2010 for her contribution to the industry and as part of the Women in Resources Award 2010.

Ms Smyth resigned her position as Chair of Toro Energy Limited on 16 March 2015.

DIRECTORS' REPORT

CONTINUED

Directorships of Listed Companies held during the previous three years:
Emeco Holdings Ltd

Mr Greg Hall, BEng, MAICD (Non-Executive Director)

Mr Hall is a Mining Engineer with over 30 years' experience in the resources industry, including 25 years in the uranium industry in senior marketing, operational management and MD roles.

Mr Hall previously held senior operational management roles with WMC Resources at Olympic Dam and WMC's Nickel Operations, with Rio Tinto at ERA's Ranger Mine, and on secondment with iron ore producer LKAB Sweden. He has held commodity marketing roles for Rio Tinto in uranium, bauxite and alumina.

Mr Hall held the position of Managing Director of Toro Energy from the date the company listed in March 2006 until February 2013, and continued as Non-Executive Director with Toro until he resigned this position on 16 March 2015. He held the role of CEO and Managing Director of Hillgrove Resources from February 2013 to May 2015. He is a member of the Australian Institute of Company Directors, a Board member of the South Australian Chamber of Minerals and Energy, and Chairman of the University of Adelaide Mining, Civil and Environmental Engineering School Advisory Board.

Mr Hall is currently a Non-Executive Director of publicly listed Alligator Energy Ltd, and a director of Torch Energy Pty Ltd (unlisted public company).

Directorships of Listed Companies held during the previous three years:
Hillgrove Resources Ltd
Alligator Energy Ltd

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

Mr Lester is a Mining Engineer with extensive experience in senior operating, development and corporate roles with Citadel Resources, OZ Minerals (and Oxiana prior), Newcrest, North, CRA and MIM. His activities have covered Australia, South East Asia, the Middle East and the Americas and includes a period in broking on both the research and corporate desks.

In addition to being a Non-Executive Director of Toro Energy, Mr Lester was, at the time of his resignation, a Non-Executive Director of Doray Minerals Ltd, Chesser Resources Ltd, White Rock Minerals Ltd and Nord Gold NV. Mr Lester is also a Director of the private Accessio Resources Pty Ltd and a Member of both the AusIMM and the Australian Institute of Company Directors.

Mr Lester resigned his position as Non-Executive Director of Toro Energy Limited on 17 November 2014.

Directorships of Listed Companies held during the previous three years:
Chesser Resources Ltd
White Rock Minerals Ltd
Nord Gold NV
Doray Minerals Ltd
Castlemaine Gold Ltd (resigned April 2014)

Mr Andrew Coles, BEc MBA FTA MAICD (Non-Executive Director)

Mr Coles is the Chief Financial Officer of OZ Minerals Limited where he is responsible for sales and marketing, risk management, financial control, treasury, taxation, business planning and analysis, and information technology and strategic sourcing.

Mr Coles has over 30 years experience in the resources industry, commencing his career with CRA Ltd (now Rio Tinto) where he held finance related roles in Melbourne, London and Dampier. He then joined Esso Australia where he held roles in treasury, business planning and public affairs in Melbourne and Houston, including as Treasurer of ExxonMobil Australia & New Zealand. In 2003, Andrew joined Pasminco during its administration as Group Treasurer then held the same role in Zinifex following its float in 2004. From 2007, Andrew worked primarily on M&A activities, including the IPO of Nyrstar in Belgium in 2007 and the merger with Oxiana in 2008 to form OZ Minerals. Mr Coles was appointed CFO of OZ Minerals in June 2009.

Mr Coles holds a Bachelor of Economics from the Australian National University and a Master of Business Administration from the University of Melbourne and is a member of the Australian Institute of Company Directors and the Finance and Treasury Association.

Mr Coles resigned his position as Non-Executive Director of Toro Energy Limited on 22 December 2014.

Company Secretary

Mr Todd Alder, BEc (Acc), CPA ACIS

Mr Alder is a current employee of the Company and occupies the position of Chief Financial Officer. Mr Alder is a CPA and Chartered Secretary who has over 18 years of accounting and governance experience within the mining, energy and steel manufacturing industries.

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 Company during the financial year were:

- Advancing the development of the Wiluna Uranium Project;
- Expansion and improvement of the Company's JORC Resource base;
- Exploration and assessment of the Company's broader tenement portfolio; and
- Review and execution of value-adding uranium acquisitions at corporate and project level.

There has been no change in these activities during the year.

Operating results for the year

The Company's net loss after income tax was $22,239,496 (2014: $8,094,135).

Included in the loss were non-cash impairment expenses of $20,763,545 resulting from the $19,508,271 impairment of the secured loan, convertible notes and shares held in Strateco Resources Ltd ('Strateco') and $1,255,274 impairment from decisions to cease and /or reduce exploration activities over 25 tenements.

DIRECTORS' REPORT

CONTINUED

The impairments of the financial instruments held in Strateco were required under the Accounting Standards however both the loan and convertible notes are secured over the assets of Strateco including the Matoush Uranium Project.

Operations overview

Corporate activity

Corporate activity over the 2015 financial year included;

- Toro Managing Director, Dr Vanessa Guthrie was invited by the Prime Minister, the Hon Tony Abbott, MP to join the Australia-India CEO Forum following signing of the Nuclear Civil Cooperation Agreement between Australia and India in September 2014. Dr Guthrie participated in the India-Australia CEO Forum held in Delhi in June 2015, continuing Toro's focus on developing relationships with potential project financiers, equity partners and off-takers within the Indian energy market;
- The Board's renewal strategy was completed with the appointment of three Non-Executive Directors, Mr Michel Marier as a nominee of The Sentient Group, Ms Fiona Harris as Chairman (currently on leave of absence) and Mr John Cahill as Non-Executive Director and Audit & Risk Committee Chair and currently acting in the position of Chairman of the Board. During the December 2014 quarter Mr Andrew Coles and Mr Peter Lester resigned as directors. The previous company Chairman, Ms Erica Smyth and founding Managing Director Mr Greg Hall retired from the Board during March 2015;
- Working capital of $4.9M was raised in the December quarter through a Share Purchase Plan ($3.9M) and private placement (RealFin Capital Partners $1M), both at $0.08 per share;
- The Company raised a further $20M through a Subscription and Securities Sale Agreement ("SSSA") and Unitisation Deed with independent global private equity firm The Sentient Group ('Sentient'):
  - Under the terms of the SSSA, Sentient subscribed for 125M new fully paid ordinary shares in Toro at $0.08 per share for $10M and Toro acquired from Sentient, a 19.8% interest in Strateco Resources Ltd ("Strateco"), a C$3M senior secured loan receivable in Strateco, C$14.1M of secured convertible notes in Strateco, and certain other interests from Sentient, for 236.5M new fully paid ordinary shares;
  - Under the Unitisation Deed $10M was provided to Toro, to be used for research and development activities on the Wiluna Project, in return for a fee of 2.5% of the gross proceeds from production of uranium on Toro's Wiluna Project tenements;
- The Company announced a $6M repayment of Macquarie Bank's $12M Debt Facility and refinancing of the remaining $6M with a 3 year interest free loan from Sentient. The interest free loan is conditional upon completion of full form loan documentation and the issue of 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan. Completion of the loan documentation and option issue is scheduled for quarter three of 2015;
- During the June 2015 quarter Strateco notified the Superior Court of Montreal that it had become insolvent and filed for an initial order under the Canadian Companies' Creditors Arrangement Act. Toro's loan and convertible notes in Strateco are secured over the assets of the company, including the Matoush Uranium Project.

Wiluna project

Toro continues to work on ensuring the Wiluna project can be financed and brought into production as the uranium market improves. Key activities over the reporting period included:

- The 2014 drilling results returning the highest ever recorded intersections in the Millipede deposit and further indications of continuous mineralisation at Lake Way, Millipede, Centipede and Lake Maitland;
- The 2015 drilling program, completed at the end of June, included a total of 130 sonic holes for 983m across Centipede, Millipede, Lake Maitland and Nowthanna. 1,818 half metre full core samples were collected for geochemical analysis and approximately 600 sub-samples for mineralogical analysis;
- Environmental approval progress for the Wiluna project extension. The extension relates to mining of the Millipede and Lake Maitland deposits and treatment of ore from these deposits at the already approved Centipede processing facility. Approval progress included:
  - Environmental Scoping Document ('ESD') submission and subsequent approval by the Board of the WA Environmental Protection Authority;
  - Finalisation of studies required to complete the Public Environmental Review ('PER') submission;
  - First draft of the PER submitted to the Environmental Protection Authority;
- The Company is aiming to have received full State and Federal environmental approval, for the extended Wiluna Project, by the third quarter of 2016;
- Continued negotiation of a mining agreement with the Wiluna Native Title Holders. The Company is aiming to have the mining agreement completed in 2015; and
- Toro continued project improvement studies as part of the Unitisation Deed funding provided by Sentient. The funding is to explore opportunities to enhance and optimise the process design, project configuration and operating and capital cost structure for the project. Key areas of focus that have demonstrated positive results to date include beneficiation, and optimisation of the process flow sheet specific to the Wiluna Uranium Project.

Exploration

- Toro continued to consolidate ground holdings in the Northern Territory and continues to actively seek Joint Venture partners on its main exploration projects enabling it to focus on the package of tenements that optimises prospectivity for uranium mineralisation;

- Joint Ventures were signed with Areva Australia on the Wiso exploration ground and with Rum Jungle Resources on Lake Mackay potash deposit. After the initial drill program Areva elected not to continue with the joint venture earn in; and
- Rum Jungle Resources has earned 51% on the Lake Mackay Potash JV and has notified Toro of its intention to sole fund $750,000 to earn a further 29%. Toro now holds a 49% share of the 13 million tonne potash resource at Lake Mackay.

Uranium market

- The medium to long term market outlook remains positive with emerging economies committed to material growth in reactor build programs;
- The signing of the Nuclear Civil Co-operation Agreement between Australia and India opens up a new uranium export market;
- China approved the first new reactor build project since the post Fukushima freeze with CGN receiving the go ahead for 2x1000 MWe reactors. China have a further 25 reactors under construction;
- In Japan, Kyushu's Sendai Reactor No. 1 restart is an encouraging, albeit long overdue, development for the return of nuclear power to the Japanese energy mix. Sendai Reactor No. 2 is anticipated to restart in quarter four of 2015 and should provide momentum for the additional 25 reactor restart submissions that have been lodged with Japan's Nuclear Regulatory Authority;
- The South Australian Royal Commission into the nuclear fuel cycle, initiated by the South Australian Government, provides a welcome review of the nuclear industry opportunities in Australia; and
- Spot uranium prices improved over the financial year from US$28.25/lb (30 June 2014) to US$36.50/lb (30 June 2015) whilst long term uranium prices remained steady at $US45/lb.

Risk management

The Company takes a proactive approach to risk management and regularly assesses economic, environmental and social sustainability risks for their materiality and potential impact on the Company's stakeholders. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. The Company has established an Audit and Risk Committee to address risk management.

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

- Board approval of a strategic plan, which encompasses the Company'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;
- Externally facilitated development of Company risk management plans; and
- Internally developed project risk management plans for significant projects.

Further information on the Company's approach to risk management can be found within the Corporate Governance Statement available to view on the company website at www.toroenergy.com.au.

Environmental regulation and performance

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

Environmental and Community Policies

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

The Company's Environmental Policy is to:

- Operate in compliance with all relevant environmental laws and regulations, and where possible, endeavour to exceed those standards;
- Identify and manage all risks and hazards;
- Create a culture where compliance with all relevant environmental laws and regulations is a part of our daily business;
- Uphold ethical business practices and set appropriate and measurable environmental objectives and targets;
- Manage and minimise all waste streams;
- Set and achieve targets that promote efficient use of resources and include reducing and preventing pollution;
- Promote protection of the environment through all phases of our operations, from exploration through to mining, and eventually decommissioning;
- Provide appropriate training and support to all employees and contractors to enable them to meet their environmental obligations;
- Work with local Indigenous groups and communities to achieve mutually agreeable project outcomes; and
- Aim to continually improve on our environmental performance through regular review of performance against set targets, and the reporting of such reviews.

DIRECTORS' REPORT

CONTINUED

The Company's Community Policy is to:

- Work safely and sustainably;
- Provide accurate and current scientific information about uranium;
- Protect individuals, the community and the environment from any harmful radiological impacts;
- Engage openly and regularly and consider in particular the views of the host community in decision making;
- Develop partnerships to support local economic and social aspirations through employment, training, financial and other means;
- Respect Aboriginal cultural heritage;
- Monitor and improve our environmental and social performance; and
- Comply with all applicable legislation and legal requirements.

To support these policies 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; and
- Train employees and assist contractors to achieve the above environmental aims.

Community

- 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; and
- Consult with land users, owners, lessees and with government authorities to ensure that statutory and other requirements are known.

Significant changes in the state of affairs

Other than those disclosed in the Corporate Activity of the Operations Overview section on Page 6, there have been no significant changes in the state of affairs of the Company during the financial year.

Significant events after the balance date

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years except for the following:

On 1 July 2015 the Company issued 2,778,868 shares upon the vesting of Performance Rights under the Company's long term incentives plan and in accordance with the Performance Rights Plan approved by shareholders at the Annual General Meeting held on 28 November 2013.

On 31 July 2015 the Company repaid $6M of Macquarie Bank's fully drawn $12M Debt Facility. The remaining balance of the MBL Facility will be repaid via a $6M 3 year interest free loan from Sentient. The interest free loan is conditional upon completion of full form loan documentation and issue of 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan. Completion of the loan documentation and option issue is scheduled for quarter three of 2015.

Likely developments and expected results

The Company intends to continue to undertake appropriate exploration and evaluation expenditure thereby 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. In particular, the following activities will be progressed over the 2015/16 reporting period:

- Preparation of a revised resource estimate for the Wiluna project following the 2014 and 2015 drill campaigns;
- Optimisation of Wiluna's process flow sheet looking specifically at beneficiation, pregnant liquor concentration, reagent recirculation and tailings density;
- Progress project finance opportunities on the expectation of improving project costings and uranium market conditions;
- Review prospectivity of the Company's exploration tenements; and
- Assessment of value adding joint venture and or merger and acquisition opportunities.

DIRECTORS' REPORT

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Share options

Unissued Shares

For the period ending 30 June 2015, unissued shares of the Company under option are:

Issue Date	Expiry Date	Exercise Price	Balance at 30 June 2015
04/01/2011	03/01/2016	$0.22	3,680,000
26/05/2011	25/05/2016	$0.15	250,000
26/05/2011	25/05/2016	$0.22	250,000
01/07/2011	30/06/2016	$0.11	750,000
01/07/2011	30/06/2016	$0.22	500,000
01/07/2011	30/06/2016	$0.25	750,000
01/08/2011	31/07/2016	$0.13	9,300,000
26/08/2011	25/08/2016	$0.13	225,000
30/11/2011	11/01/2016	$0.22	5,000,000
30/11/2011	11/01/2016	$0.30	1,000,000
02/11/2012	01/11/2015	$0.12	24,390,244
06/03/2013	04/03/2016	$0.14	42,253,521
27/06/2013	26/05/2016	$0.08	35,714,286
17/01/2014	16/01/2017	$0.11	5,750,000
			129,813,051

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 year ended 30 June 2015 or after the reporting date at the time of signing this report.

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 $37,367. 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 was as follows:

	Directors' Meetings		Audit Committee		Remuneration/ Nomination Committee	
Number of meetings held	13		4		2	
Number of meetings attended:	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr John Cahill	7	7	3	3	1	1
Dr Vanessa Guthrie	13	13	-	-	-	-
Mr Richard Patricio	13	13	-	-	-	-
Mr Richard Homsany	13	13	-	-	-	-
Mr Michel Marier	8	6	2	2	-	-
Ms Fiona Harris	6	6	-	-	1	1
Ms Erica Smyth	8	8	-	-	1	1
Mr Greg Hall	7	7	1	1	1	1
Mr Peter Lester	5	5	1	1	-	-
Mr Andrew Coles	6	6	1	1	-	-

DIRECTORS' REPORT

CONTINUED

Members acting on the Audit & Risk Committee of the Board, during the financial year, were:

John Cahill	Non-Executive Chair (Appointed 5 January 2015)
Michel Marier	Non-Executive Director (Appointed 26 March 2015)
Peter Lester	Non-Executive Director (Resigned 17 November 2014)
Andrew Coles	Non-Executive Director (Resigned 22 December 2014)
Greg Hall	Non-Executive Director (Resigned 16 March 2015)

Note: Todd Alder (Chief Financial Officer & Company Secretary) attended all Audit & Risk Committee meetings

Members acting on the Remuneration & Nomination Committee of the Board, during the financial year, were:

John Cahill	Non-Executive Chair (Appointed 26 March 2015)
Richard Homsany	Non-Executive Director (Appointed 30 June 2015)
Fiona Harris	Non-Executive Director (Leave of absence from 30 June 2015)
Erica Smyth	Non-Executive Chairman (Resigned 16 March 2015)
Greg Hall	Non-Executive Director (Resigned 16 March 2015)

* John Cahill appointed Chair of Remuneration & Nomination Committee from 1 July 2015

Proceedings on behalf of the company

At the date of this report there were no leave applications or proceedings brought on behalf of the Company under section 237 of the Corporations Act 2001.

Remuneration report (audited)

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the Company. The 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.

Key management personnel remuneration, performance evaluation and equity holdings

The Remuneration & Nomination Committee is responsible for reviewing and making recommendations to the Board which has ultimate responsibility for the following remuneration matters:

- Remuneration of Toro Group Non-Executive Directors;
- Remuneration and incentive framework for the Managing Director and Chief Financial Officer; and
- Incentive framework for all staff;

The Managing Director has the delegated authority to review and authorise the remuneration of executives, senior management and staff.

The policy aims to align director, executive and senior manager objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short term and long-term incentives based on key performance areas affecting the Company's share market performance and financial position. Performance against these key performance indicators is reviewed annually by the Remuneration & Nomination Committee and Managing Director.

The non-executive directors and other executives receive a superannuation guarantee contribution required by the government, which for 2014/15 was 9.50%, 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 Employee Share Option Plan and the Management Performance Rights Plan. Options are valued at the time of issue using the Black Scholes methodology. Performance Rights are valued using the Company's share price at grant date and an estimated probability of achieving the performance hurdles.

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.

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.

Current Senior Executives

The employment conditions of the Managing Director, Dr Vanessa Guthrie, are formalised in a contract of employment. Dr Guthrie commenced employment with the Company on 1 July 2011 and her current gross salary, inclusive of the 9.50% superannuation guarantee, is $378,401 per annum.

In addition to the fixed base salary Dr Guthrie's employment contract includes short and long term incentives.

The short term incentive package is subject to certain Key Performance Indicators and has a maximum award of 15% of the base annual salary.

DIRECTORS' REPORT

CONTINUED

At the 2013 AGM Dr Guthrie's long term incentive package, in the form of 12,503,238 Performance Share Rights with a three and a half year vesting term, half of which vest subject to the Company's relative Total Shareholder Returns, the other half vesting subject to Key Performance Indicators, was approved by shareholders. During the reporting period 2,292,260 rights of 4,167,746 rights available vested according to Dr Guthrie's performance against the Company's relative Total Shareholder Returns and KPI measures.

The long term incentive package is considered to be a cost effective and efficient reward to appropriately incentivise the continued performance of Dr Guthrie in line with the strategic goals and targets of the Company.

The Company may terminate the employment contract without cause by providing four 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 Chief Financial Officer & Company Secretary, Mr Todd Alder, are formalised in a contract of employment. Mr Alder commenced employment with the Company on 20 February 2008 and his current gross salary, inclusive of the 9.50% superannuation guarantee, is $262,800 per annum. The Company may terminate the contract should performance not meet contracted requirements by providing four 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.

Voting and comments at the Company's 2014 Annual General Meeting

The Company received more than 98% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration consultants

During the reporting period the Board engaged Gerard Daniels international executive search and board consulting agency to review the non-executive and executive remuneration and incentive structures and was paid $13,750 for these services.

Consequences of performance on shareholder wealth

In considering the Company's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2015	2014	2013	2012	2011
EPS (cents)	(1.27)	(0.60)	(0.66)	(1.08)	(2.25)
Dividends (cents per share)	-	-	-	-	-
Net profit/(loss) ($000)	(22,239)	(8,094)	(6,887)	(10,698)	(21,843)
Share price ($)	0.064	0.058	0.074	0.068	0.070

DIRECTORS' REPORT

CONTINUED

Table 1: Directors' remuneration for the year ended 30 June 2015 and 30 June 2014

		Short Term	Short Term	Post [1] Employment	Share-based Payments*	Total	
		Salary & Fees	Cash Bonus	Superannuation	Value of options/ shares/rights	$	Value of options/ rights as % of remuneration
John Cahill	2015	23,853	-	2,266	-	**26,119**	-
	2014	-	-	-	-	**-**	-
Vanessa Guthrie	2015	351,043	-	27,358	185,673	**564,074**	33.9%
	2014	343,438	-	19,928	215,192	**578,558**	29.2%
Richard Patricio	2015	40,367	-	-	-	**40,367**	-
	2014	23,547	-	-	-	**23,547**	-
Richard Homsany	2015	40,367	-	3,835	-	**44,202**	-
	2014	23,547	-	2,178	-	**25,725**	-
Michel Marier	2015	26,709	-	-	-	**26,709**	-
	2014	-	-	-	-	**-**	-
Fiona Harris	2015	30,606	-	2,035	-	**32,642**	-
	2014	-	-	-	-	**-**	-
Erica Smyth [2]	2015	43,953	-	4,176	-	**48,129**	-
	2014	67,584	-	6,252	-	**73,836**	-
Gregory Hall [2]	2015	20,330	-	1,931	-	**22,261**	-
	2014	43,731	-	4,045	-	**47,776**	-
Peter Lester [2]	2015	19,878	-	1,888	-	**21,766**	-
	2014	51,682	-	4,781	-	**56,463**	-
Andrew Coles [2]	2015	-	-	1,917	-	**1,917**	-
	2014	-	-	4,045	-	**4,045**	-
Total Remuneration	2015	597,106	-	45,406	185,673	**828,185**	-
	2014	553,529	-	41,228	215,192	**809,949**	-

(1) Superannuation Guarantee paid at 9.50% throughout the financial period ending 30 June 2015.
(2) Directors who resigned during the reporting period.
* Performance rights approved at November 2013 AGM and valued at the Company's share price and discounted by a 50% probability factor of the performance conditions being met – see note 12 & 17 of the Financial Report for further information.

Table 2: Remuneration of specified executives for the year ended 30 June 2015 and 30 June 2014

		Short Term	Short Term (1)	Post (2) Employment	Share-based Payments*	Total	
		Salary & Fees	Cash Bonus	Superannuation	Value of options/ shares/rights	$	Value of options/ rights as % of remuneration
Todd Alder	2015	240,000	-	22,800	22,820	**285,620**	8.0%
	2014	212,500	46,250	23,934	21,300	**303,984**	7.0%

(1) A retention bonus was awarded in 2014 as remuneration with 100% paid and vested in the financial year, and being 0% forfeited. No part of the bonus is payable in future years.
(2) Superannuation Guarantee paid at 9.50% throughout the financial period ending 30 June 2015.
* The estimated option value (issued in 2014) was calculated using the Black Scholes methodology – see Note 12 of the Financial Report for further information. The estimated value of performance rights (issued in 2015) was calculated using the Company's share price at grant date and then applying a probability factor of the vesting conditions being met.

Rights and options issued as part of remuneration

Performance Rights	Number of rights granted during 2015	Grant date	Fair value at grant date $	Expiry date
Executives				
Todd Alder	393,443	01/07/14	0.0580	01/07/15

On 1 July 2015 the Company issued shares upon the vesting of Performance Rights under the Company's long term incentives plan.

For further detail refer Note 12.

Share holdings of key management personnel

30 June 2015	Balance at 1 July 2014	Options/ Rights Exercised	Net Change Other	Balance at 30 June 2015
Directors				
John Cahill	-	-	-	-
Vanessa Guthrie	1,083,333	2,292,260	948,123	4,323,716
Richard Patricio	-	-	-	-
Richard Homsany	-	-	-	-
Michel Marier	-	-	-	-
Fiona Harris	-	-	-	-
Erica Smyth	225,967	-	-	225,967
Greg Hall	251,333	-	-	251,333
Peter Lester	153,750	-	-	153,750
Andrew Coles	-	-	-	-
	1,714,383	2,292,260	948,123	4,954,766
Executives				
Todd Alder	-	-	-	-
	-	-	-	-

DIRECTORS' REPORT

CONTINUED

Details of equity incentives affecting current and future remuneration

	Instrument	Number	Grant date	% vested in year	% forfeited in year	Financial years in which grant vests	Expiry date
Directors							
Vanessa Guthrie	Options	750,000	01/07/11	0%	0%	2011/12	30/06/2016
	Options	1,250,000	01/07/11	0%	0%	2012/13	30/06/2016
	Rights	4,167,746	28/11/13	55%	45%	2014/15	30/09/2016
	Rights	4,167,746	28/11/13	0%	0%	2014/15	30/09/2016
	Rights	4,167,746	28/11/13	0%	0%	2015/16	30/09/2016
Erica Smyth	Options	1,000,000	12/01/11	0%	0%	2011/12	11/01/2016
Greg Hall	Options	1,000,000	12/01/11	0%	0%	2011/12	11/01/2016
	Options	1,000,000	12/01/11	0%	0%	2011/12	11/01/2016
Peter Lester	Options	1,000,000	12/01/11	0%	0%	2011/12	11/01/2016
Executives							
Todd Alder	Options	350,000	03/02/10	0%	100%	2009/10	02/02/2015
	Options	500,000	04/01/11	0%	0%	2010/11	03/01/2016
	Options	1,000,000	01/08/11	0%	0%	2011/12	31/07/2016
	Options	1,000,000	17/01/14	0%	0%	2013/14	16/01/2017
	Rights	393,443	01/07/14	0%	0%	2015/16	01/07/2015

DIRECTORS' REPORT

CONTINUED

Option and Performance Rights holdings of key management personnel

30 June 2015	Balance at 1 July 2014	Granted as remuneration	Options/ Rights Exercised	Expired/ Lapsed	Balance at 30 June 2015
Options					
Directors					
John Cahill	-	-	-	-	-
Vanessa Guthrie	2,000,000	-	-	-	2,000,000
Richard Patricio	-	-	-	-	-
Richard Homsany	-	-	-	-	-
Michel Marier	-	-	-	-	-
Fiona Harris	-	-	-	-	-
Erica Smyth	1,000,000	-	-	-	1,000,000
Greg Hall	2,000,000	-	-	-	2,000,000
Peter Lester	1,000,000	-	-	-	1,000,000
Andrew Coles	-	-	-	-	-
Executives					
Todd Alder	2,850,000	-	-	(350,000)	2,500,000
Rights					
Directors					
Vanessa Guthrie	12,503,238	-	(2,292,260)	(1,875,486)	8,335,492
Executives					
Todd Alder	-	393,443	-	-	393,443
	21,353,238	393,443	(2,292,260)	(2,225,486)	17,228,935

Corporate Governance Statement

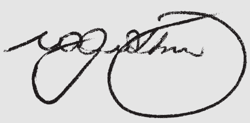
The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, the Company has adopted the Corporate Governance Principles and Recommendations 3rd Edition which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Company's Corporate Governance Statement is current as of 8 September 2015 and it has been approved by the Board. The Corporate Governance Statement is available to view on the Company website at www.toroenergy.com.au/corporate/corporate-governance together with the corresponding charters and policies.

Auditor independence and non-audit services

Grant Thornton Audit Pty Ltd, in its capacity as auditor for Toro Energy Limited, has not provided any non-audit services throughout the reporting period. The auditor's independence declaration for the year ended 30 June 2015 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.



Dr Vanessa Guthrie
Managing Director

8 September 2015

AUDITOR'S INDEPENDENCE DECLARATION

GrantThornton

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Auditor's Independence Declaration
To the Directors of Toro Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Toro Energy Limited for the year ended 30 June 2015, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 8 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

		CONSOLIDATED	
	Note	2015 $	2014 $
Other income	3 (a)	**496,475**	425,024
Present value of financial liability	15	**2,882,198**	-
Impairment of available for sale shares	3 (b)	**(63,822)**	-
Impairment of exploration and evaluation assets	3 (b)	**(1,255,274)**	(2,560,417)
Provision for impairment: loans and receivables	3 (b)	**(18,541,682)**	-
Provision for impairment: AFS financial assets	3 (b)	**(966,589)**	-
Employee benefits expense	3 (c)	**(1,043,077)**	(1,306,937)
Depreciation expense	3 (b)	**(680,783)**	(797,634)
Finance costs	3 (b)	**(2,905,047)**	(2,425,099)
Other expenses	3 (d)	**(1,502,894)**	(1,429,072)
(Loss) before income tax expense		**(23,580,495)**	(8,094,135)
Income tax benefit	4	**1,340,999**	-
(Loss) for the year		**(22,239,496)**	(8,094,135)
Other comprehensive (loss)			
Other comprehensive loss for the year (net of tax)		**-**	-
Total comprehensive (loss) for the year		**(22,239,496)**	(8,094,135)
(Loss) attributable to:			
Owners of the Company		**(22,239,496)**	(8,094,135)
		(22,239,496)	(8,094,135)
Total comprehensive (loss) attributable to :			
Owners of the Company		**(22,239,496)**	(8,094,135)
		(22,239,496)	(8,094,135)
Earnings per share		**Cents**	Cents
From continuing operations:			
Basic and diluted earnings per share	5	**(1.27)**	(0.60)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	CONSOLIDATED 2015 $	2014 $
CURRENT ASSETS			
Cash and bank equivalents	6	**22,886,815**	7,151,347
Trade and other receivables	7	**898,436**	207,482
Other current assets	8	**201,258**	27,466
Total current assets		**23,986,509**	7,386,295
NON-CURRENT ASSETS			
Available-for-sale investments	9	**41,266**	-
Property, plant and equipment	10	**1,448,171**	2,108,522
Exploration and evaluation assets	11	**133,343,049**	128,066,669
Total non-current assets		**134,832,486**	130,175,191
Total assets		**158,818,995**	137,561,486
CURRENT LIABILITIES			
Trade and other payables	13	**1,106,519**	694,680
Short-term borrowings	15	**10,956,115**	-
Short-term provisions	14	**202,149**	112,909
Total current liabilities		**12,264,783**	807,589
NON-CURRENT LIABILITIES			
Borrowings	15	**7,360,018**	9,390,287
Long-term provisions	14	**39,191**	45,967
Total non-current liabilities		**7,399,209**	9,436,254
Total liabilities		**19,663,992**	10,243,843
Net assets		**139,155,003**	127,317,643
EQUITY			
Issued Capital	16	**293,805,133**	260,037,908
Reserves	17	**6,340,655**	6,471,040
Accumulated Losses		**(160,990,785)**	(139,191,305)
Equity attributable to owners of the Company		**139,155,003**	127,317,643
Total equity		**139,155,003**	127,317,643

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		CONSOLIDATED				
	Note	Issued capital $	Share reserve $	Available for sale reserve $	Accumulated losses $	Attributable to owners of the parent $
Balance at 1 July 2013		217,588,796	6,822,418	-	(131,786,215)	92,624,999
Loss for the year				-	(8,094,135)	(8,094,135)
Other comprehensive income for the year				-	-	-
Total comprehensive loss for the year				-	(8,094,135)	(8,094,135)
Acquisition of Lake Maitland (LM) from Mega Uranium		34,860,000	-	-	-	34,860,000
Share Based Payment – LM Acquisition Costs		635,742	-	-	-	635,742
Capital Raising – Share Placement		7,000,000	-	-	-	7,000,000
Costs of Capital Raising (net of tax)		(46,630)	-	-	-	(46,630)
Employee share-based payments		-	337,667	-	-	337,667
Expired Employee share-based payments		-	(689,045)	-	689,045	-
Balance at 30 June 2014		260,037,908	6,471,040	-	(139,191,305)	127,317,643
Loss for the year				-	(22,239,496)	(22,239,496)
Other comprehensive income for the year				-	-	-
Total comprehensive loss for the year				-	(22,239,496)	(22,239,496)
Capital Raising – Share placement		1,000,000	-	-	-	1,000,000
Capital Raising – Share Purchase Plan		3,903,550	-	-	-	3,903,550
Short Term Incentive shares issued		46,398	(46,398)	-	-	-
Shares issued to Sentient Group		29,380,707	-	-	-	29,380,707
Costs of capital raising		(563,430)	-	-	-	(563,430)
Employee Performance Rights issued		-	346,847	-	-	346,847
Expired Employee share-based payments		-	(440,016)	-	440,016	-
Director fees paid in shares provision		-	9,182	-	-	9,182
Balance at 30 June 2015	16	293,805,133	6,340,655	-	(160,990,785)	139,155,003

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		CONSOLIDATED	
	Note	2015 $	2014 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,928,750)**	(1,968,809)
Interest and other finance costs		**(1,088,379)**	(916,967)
Interest received		**313,971**	330,511
R&D tax concession refund		**566,791**	-
Net cash used in operating activities	7	**(2,136,367)**	(2,555,265)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**199**	4,991
Purchase of property, plant and equipment		**(20,431)**	(82,841)
Purchase of financial assets		**(483,363)**	-
Purchase of equity investments		**(39,184)**	-
Purchase of exploration and evaluation tenements	11	**-**	(3,243,800)
Proceeds from sale of exploration assets		**-**	100,000
Payments for exploration & evaluation activities		**(6,010,324)**	(6,589,818)
Net cash used in investing activities		**(6,553,103)**	(9,811,468)
Cash flows from financing activities			
Proceeds from issue of shares		**14,903,550**	8,320,682
Transaction costs of issue of shares		**(333,082)**	(46,720)
Proceeds from borrowings		**10,000,000**	-
Transaction costs of borrowings		**(145,530)**	-
Net cash provided by financing activities		**24,424,938**	8,273,962
Net (decrease)/increase in cash and cash equivalents		**15,735,468**	(4,092,771)
Net foreign exchange differences		**-**	-
Cash at the beginning of the financial year		**7,151,347**	11,244,118
Cash at the end of the financial year	7	**22,886,815**	7,151,347

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1 Statement of significant accounting policies

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

This financial report includes the consolidated financial statements and notes of Toro Energy Limited ('the Company') and it's controlled entities ('the Group').

The financial report of the Company for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 8 September 2015. Toro Energy Limited is a for-profit entity limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

Basis of preparation

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.

Statement of Compliance

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.

New and amended standards adopted by the Group in this financial report

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards which are relevant to the Group is presented below.

AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014 and has been adopted in this financial report. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments in this financial report has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2014-1: Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1 Statement of significant accounting policies (continued)

Impact of standards issued but not yet applied by the Group

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9: Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted.

AASB 15: Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 Business Combinations. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

a. Basis of consolidation

The financial statements consolidate those of Toro Energy Limited and all of its subsidiaries as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

1 Statement of significant accounting policies (continued)

a. Basis of consolidation (continued)

All transactions and balances between controlled entities are eliminated on consolidation, including unrealised gains and losses resulting from intra-group transactions. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Company. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

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 accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Sale of Goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

c. Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings on an effective interest basis. Fees paid on the establishment of loan facilities which are not an incremental cost relating to the actual drawdown of the facility, are recognised as a reduction in borrowings and amortised on a straight-line basis over the term of the facility.

All other borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank, cash in hand and short term deposits with an original maturity of three to six months.

For the purposes of the Statement of Cash Flows, 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 Company will not be able to collect the debts. Bad debts are written off when identified.

g. Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

1 Statement of significant accounting policies (continued)

g. Financial Instruments (continued)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

1 Statement of significant accounting policies (continued)

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 reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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 reporting 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 reporting 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 Company 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 Limited.

Toro Energy Limited and each of its own wholly-owned controlled entities 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 Limited 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 basis for in-house software, and diminishing value basis for all other assets, over the estimated useful life of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1 Statement of significant accounting policies (continued)

j. Property, plant and equipment (continued)

The useful life of the assets is as follows:

Buildings	20 years
Plant and equipment	2.5 – 20 years
Motor vehicles	8 years
Leasehold property	3 – 5 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 Statement of Profit or Loss and Other Comprehensive Income.

k. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. 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 for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1 Statement of significant accounting policies (continued)

m. Foreign Currency Transactions and Balances (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period, where this approximates the rate at the transaction date; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which the operation is disposed.

n. Trade and other payables

Trade 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.

o. 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 Statement of Profit or Loss and Other Comprehensive Income 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.

p. 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 respect of employees services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses 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 and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wages 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.

q. Share-based payment transactions

The Company 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 ESOP 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 12.

The cost of equity-settled transactions is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income, 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.

r. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

1 Statement of significant accounting policies (continued)

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 l. 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 Statement of Profit or Loss and Other Comprehensive Income.

Key Estimates — Asset Acquisition – Lake Maitland

The Group assessed the application of IFRS 3.B7-B12 on the definition of a business to determine the appropriate accounting treatment for the acquisition of Mega Uranium Limited and the Lake Maitland assets which occurred in previous reporting periods. The Company did not acquire a business that maintained significant associated processes and did not obtain an asset with sufficient drilling and evaluation results that would allow for a producing status. On this basis management believed it appropriate at the time, that the acquisition of Mega Uranium Ltd did not meet the requirements of AASB 3 and accordingly it was accounted for as an asset acquisition in accordance with AASB 116.

Key Estimates – Impairment of Financial Assets

The Group assesses impairment of its financial assets at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key Estimates – Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer to Note 15.

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

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Company's Managing Director, in order to allocate resources to the segments and to assess its performance.

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

- Project Evaluation;
- Exploration; and
- Reconciling.

The values under the 'Reconciling' grouping above relate to the present value discount of the $10M Unitisation agreement (refer to Note 15), the impairment of the loan and convertible note (refer to Note 7) and impairment of available for sale financial assets.

2 Segment information (continued)

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Company's accounting policies.

	CONTINUING OPERATIONS			CONSOLIDATED
	Evaluation $	**Exploration $**	**Reconciling $**	**Revenue & loss for the year $**
30-Jun-15				
Segment Revenue	496,475	-	2,882,198	3,378,673
Segment Impairment Expense	-	(1,255,274)	(19,572,093)	(20,827,367)
Segment Depreciation Expense	(653,884)	(26,898)	-	(680,783)
Segment Result before tax	(5,544,605)	(1,345,995)	(16,689,895)	(23,580,495)
Income Tax Benefit	1,340,999	-	-	1,340,999
Segment loss for the period	(630,683)	(1,345,995)	(15,723,306)	(22,239,496)
30-Jun-14				
Segment Revenue	-	-	-	-
Revenue from Reconciling Segments	425,024	-	-	425,024
Segment Impairment Expense	-	(2,560,417)	-	(2,560,417)
Segment Depreciation Expense	(721,708)	(43,883)	-	(765,591)
Expenses from Reconciling Segments	(32,043)	-	-	(32,043)
Segment Result before tax	(721,708)	(2,605,908)	-	(8,094,135)
Segment Result before tax from Reconciling Segments	(4,766,519)	-	-	-
Income Tax expense	-	-	-	-
Segment loss for the period	(5,488,227)	(2,605,908)	-	(8,094,135)

The revenue reported above represents revenue generated from interest received.

There were no intersegment sales during the year.

The following is an analysis of the Group's assets by reportable operating segment:

	CONTINUING OPERATIONS			CONSOLIDATED
	Evaluation $	**Exploration $**	**Reconciling $**	**Total Assets $**
30-Jun-15	145,247,835	13,529,893	41,266	158,818,995
30-Jun-14	125,125,025	12,436,461	-	137,561,486

Under the classification of 'Reconciling' is the fair value of the available for sale investment assets being the market values of European Uranium shares at 30 June 2015 (refer to Note 9).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

3 Revenue and expenses

	CONSOLIDATED 2015 $	2014 $
(a) Other income		
Bank interest received or receivable	**496,276**	322,976
Net gain on disposal of equipment	**199**	1,049
Net gain on disposal of tenements	**-**	100,000
Other income	**-**	999
	496,475	425,024
(b) Expenses		
Impairment of assets		
Impairment of exploration expenditure[1]	**1,337,236**	2,560,417
Reversal of previously booked impairments	**(81,962)**	-
Impairment of available for sale shares	**63,822**	-
Provision for impairment Convertible Note	**18,541,682**	-
Provision for impairment AFS financial assets	**966,589**	-
Total impairment of non-current assets	**20,827,367**	2,560,417

1. Includes the surrender of 25 tenements (2014: 23 tenements).

	2015 $	2014 $
Depreciation of non-current assets		
Leasehold Property	**515,537**	561,261
Buildings	**11,394**	12,352
Plant and equipment	**131,045**	196,445
Motor vehicles	**22,807**	27,576
Total depreciation	**680,783**	797,634
Finance expenses		
Interest expense – Macquarie Debt Facility	**893,135**	859,271
Amortisation of Macquarie Facility Borrowing Costs	**1,565,828**	1,565,828
Amortisation of Unitisation Deed Borrowing Costs	**19,016**	-
Unwinding of Unitisation Deed Present Value discount	**427,068**	-
Total borrowing costs	**2,905,047**	2,425,099

3 Revenue and expenses (continued)

		CONSOLIDATED	
		2015	2014
		$	$
(c)	Employees benefits expense		
	Wages, salaries, directors fees and other remuneration expenses	**1,882,698**	2,016,703
	Workers' compensation levies	**-**	7,882
	Superannuation costs	**175,334**	184,083
	Payroll Tax	**77,747**	107,171
	Redundancies	**11,908**	67,311
	Transfer to annual leave provision	**143,394**	119,138
	Transfer to long service leave provision	**27,330**	8,832
	Share-based payments expense	**346,847**	337,667
	Transfer to capitalised tenements	**(1,622,180)**	(1,541,850)
		1,043,077	1,306,937
(d)	Other expenses		
	Promotion and advertising	**73,004**	78,371
	Recruitment expenses	**-**	13,891
	Travelling expenses	**169,649**	78,875
	Securities exchange and share registry fees	**144,180**	126,429
	Audit fees	**50,566**	31,949
	Accounting and secretarial support	**153,700**	36,888
	Conference expenses	**34,038**	37,954
	Insurance costs	**96,603**	105,195
	Consulting fees	**315,753**	279,936
	Legal fees	**119,523**	111,958
	Subscriptions	**18,051**	26,746
	Rent and utility expenses	**52,433**	138,269
	AGM, EGM and annual report expenses	**84,377**	58,983
	Net loss on disposal of property, plant & equipment	**-**	3,459
	Other expenses	**191,017**	300,169
		1,502,894	1,429,072

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

4 Income tax

The major components of income tax expense are:

	CONSOLIDATED	
	2015 $	2014 $
Current income tax		
Current income tax benefit – R&D Claim	**(1,340,999)**	-
Income tax benefit	**(1,340,999)**	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	**(23,580,495)**	(8,094,135)
At the Group's statutory income tax rate of 30% (2014: 30%)	**(7,074,149)**	(2,428,241)
Immediate write off of capital expenditure	**(1,959,496)**	(1,762,912)
Expenditure not allowable for income tax purposes	**2,511**	2,223
Impairment provision of assets	**6,248,210**	768,124
Share based payments	**525,891**	522,050
Other deductible items	**(116,595)**	(197,142)
Tax losses not recognised due to not meeting recognition criteria	**2,403,579**	3,217,418
Reversal of temporary differences	**(29,952)**	(121,520)
Research and development tax offset	**(1,340,999)**	-
Total income tax benefit	**(1,340,999)**	-

The Group has tax losses arising in Australia of $149,270,693 (2014: $141,258,756) that are available indefinitely (subject to certain conditions) for offset against future taxable profits of the companies in which the losses arose.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

Unrecognised Deferred Tax Asset

- Unrecognised deferred tax asset – losses	**44,781,208**	42,377,627
- Unrecognised deferred tax asset – temporary differences	**334,076**	244,840
	45,115,284	42,622,467
Unrecognised Deferred Tax Liabilities	**(40,002,915)**	(38,420,001)

Tax consolidation

Toro Energy Limited and its 100% owned Australian resident controlled entities are part of a 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	
	2015 $	2014 $
Net loss attributable to ordinary equity holders of the Company	**(22,239,496)**	(8,094,135)
Weighted average number of ordinary shares for basic earnings per share	**1,747,714,237**	1,340,095,942

6 Cash and cash equivalents

	CONSOLIDATED 2015 $	2014 $
Cash at bank and in hand	**3,386,815**	1,051,347
Short-term deposits	**19,500,000**	6,100,000
	22,886,815	7,151,347

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 Company, and earn interest at the respective short-term deposit rates. Refer to Note 21.

	CONSOLIDATED 2015 $	2014 $
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	**(22,239,496)**	(8,094,135)
Adjustments for non-cash items:		
Depreciation	**680,783**	797,634
Amortisation of Macquarie Facility Borrowing Costs	**1,565,828**	1,565,828
Amortisation of Unitisation Deed Borrowing Costs	**19,016**	-
Impairment of non-current assets	**20,827,367**	2,560,417
Present value of financial liability	**(2,882,198)**	-
Unwinding of Unitisation Deed PV discount	**427,068**	-
Net (profit)/loss on disposal of property, plant and equipment	**(199)**	5,798
(Profit) on sale on exploration tenements	**-**	(100,000)
Exploration activities expensed	**(3,108)**	275,636
Share based payments	**356,029**	337,667
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	**(732,220)**	288,757
(Increase)/Decrease in accrued income	**(182,305)**	7,535
(Increase)/Decrease in prepayments	**8,512**	67,527
Increase/(Decrease) in trade and other payables	**(63,907)**	(192,436)
Increase/(Decrease) in employee provisions	**82,464**	(75,493)
Net cash (outflow) from operating activities	**(2,136,367)**	(2,555,265)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

7 Trade and other receivables

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Senior secured loan – Strateco	**3,250,202**	-
Provision for impairment – loan	**(3,250,202)**	-
Convertible Note – Strateco	**15,291,482**	-
Provision for impairment – note	**(15,291,482)**	-
Sundry receivables	**778,992**	33,920
Goods and services tax receivable	**119,444**	173,562
	898,436	207,482

Senior Secured Loan – Strateco

On 22 December 2014, Toro acquired from Sentient a C$3M senior secured loan receivable from Strateco. The loan is due for repayment to Toro on 24 December 2015.

Consistent with the requirements of AASB 139 the loan has been recorded at its fair value plus acquisition costs (ie C$3M translated to $3,163,556 using an FX rate at 31 December 2014 of $0.9483 plus acquisition costs of A$86,646 for a total of A$3,250,202).

Subsequently the loan was tested for impairment and due to the current financial standing of Strateco a provision to impair the full amount of the receivable has been taken to account.

It is noted however that the C$3M loan is secured over the Strateco company and assets, namely the Matoush Uranium project located in Quebec, Canada and that Toro continues its dialogue with Strateco concerning that company's future direction and financial position.

Convertible Note – Strateco

As part of the Sentient transaction Toro also acquired C$14.1M of convertible notes in Strateco maturing on 27 February 2016.

At the time of acquisition the C$14.1m convertible notes were accounted for under AASB 139 as a loan and receivable. As such it was recorded at its fair value plus acquisition costs ($14.1M translated to A$14,873,985 using an FX rate at 31 December 2014 of $0.9483 plus acquisition costs of A$417,497) for a total of A$15,291,481.

In line with AASB 139 the receivable was tested for impairment and due to the current financial standing of Strateco a provision to impair the full amount receivable has been taken to account.

As mentioned above for the loan, the C$14.1M convertible note is also secured over the Strateco company and assets.

Sundry Receivables

Sundry receivables are non-interest bearing and generally have 30-90 day payment terms. For 30 June 2015 sundry receivables includes an accrual for Research & Development tax offset of $774,208. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2015 the Company 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 21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

8 Other current assets

	CONSOLIDATED	
	2015 $	2014 $
Prepayments	**-**	8,513
Accrued interest income	**201,258**	18,953
	201,258	27,466

9 Available for sale investments

	CONSOLIDATED	
	2015 $	2014 $
Investment in European Uranium Resources Ltd	**41,266**	-
	41,266	-

In line with AASB 132 and 139 requirements the shares acquired in Strateco, SeqUr Exploration and European Uranium Resources were recorded at fair value at the time of acquisition and recorded as financial assets available for sale.

Shares in SeqUr are not traded in an active market and as a result of SeqUr surrendering their interest in their sole exploration asset the book value of $63,822 has been fully impaired.

Strateco was declared insolvent in June 2015 and as such the Company's interest in Strateco shares valued at $966,589 has been fully impaired.

10 Property plant & equipment

	CONSOLIDATED				
	Plant & equipment $	**Motor Vehicles $**	**Leasehold Property $**	**Buildings $**	**Total $**
30 JUNE 2015					
At Cost					
1 July – opening	2,128,912	321,523	2,290,830	200,000	4,941,265
Additions	20,432	-	-	-	20,432
Disposals	-	-	-	-	-
30 June – closing	2,149,344	321,523	2,290,830	200,000	4,961,697
Accumulated Depreciation					
1 July – opening	(1,284,081)	(183,816)	(1,317,182)	(47,664)	(2,832,743)
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	(131,045)	(22,807)	(515,537)	(11,394)	(680,783)
30 June – closing	(1,415,125)	(206,623)	(1,832,719)	(59,058)	(3,513,525)
Property Plant & Equipment					
At Cost	2,149,344	321,523	2,290,830	200,000	4,961,697
Accumulated depreciation	(1,415,125)	(206,623)	(1,832,719)	(59,058)	(3,513,525)
Net carrying amount	734,218	114,900	458,111	140,942	1,448,171
30 JUNE 2014					
At Cost					
1 July – opening	1,670,788	321,523	1,200,000	200,000	3,392,311
Additions	502,564	-	1,090,830	-	1,593,394
Disposals	(44,440)	-	-	-	(44,440)
30 June – closing	2,128,912	321,523	2,290,830	200,000	4,941,265
Accumulated Depreciation					
1 July – opening	(962,165)	(156,240)	(755,921)	(35,312)	(1,909,638)
Additions	(158,362)	-	-	-	(158,362)
Disposals	32,891	-	-	-	32,891
Depreciation expense	(196,445)	(27,576)	(561,261)	(12,352)	(797,634)
30 June – closing	(1,284,081)	(183,816)	(1,317,182)	(47,664)	(2,832,743)
Property Plant & Equipment					
At Cost	2,128,912	321,523	2,290,830	200,000	4,941,265
Accumulated depreciation	(1,284,081)	(183,816)	(1,317,182)	(47,664)	(2,832,743)
Net carrying amount	844,831	137,707	973,648	152,336	2,108,522

11 Exploration and evaluation assets

	CONSOLIDATED	
	2015 $	2014 $
Balance at beginning of financial year	**128,066,669**	88,709,872
Share acquisition & costs – Lake Maitland (1)	**-**	32,789,005
Cash acquisition costs – Lake Maitland (2)	**-**	3,243,800
Impairment of exploration expenditure (3)	**(1,337,236)**	(2,560,417)
Reversal of previously booked impairments	**81,962**	-
Other Expenditure during the year	**6,531,654**	5,884,409
	133,343,049	128,066,669

1. Lake Maitland share based acquisition and transactions costs.
2. Capitalised cash costs of the Lake Maitland acquisition including stamp duty of $1.8M.
3. Impairment as a result of surrendered exploration tenements.

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.

12 Share-based payments

Employee Share Option Plan (ESOP)

The Company has an established ESOP 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 Company, 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 between 3 and 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 1 month 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; and
- 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 Australian Securities Exchange Listing Rules.

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in note 3(c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

12 Share-based payments (continued)

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

	2015 No.	2015 WAEP	2014 No.	2014 WAEP
Outstanding at the beginning of the year	133,933,051	0.28	135,023,051	0.28
Granted during the year	-	-	5,750,000	0.12
Cancelled during the year	(4,120,000)	0.22	(6,840,000)	0.72
Outstanding at the end of the year	129,813,051	0.28	133,933,051	0.28
Exercisable at the end of the year	129,813,051	0.28	135,023,051	0.20

The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 is 0.74 years (2014: 1.71 years). The range of exercise prices for options outstanding at the end of the year was $0.08 – $0.30 (2014: $0.08 – $0.30). There were no options granted during the year, the weighted average fair value of options granted during year ending 30 June 2014 was $0.11.

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 year ended 30 June 2014 (there were no options granted during the current reporting year):

	2014
Volatility (%)	50.42%
Risk-free interest rate (%)	3.90%
Expected life of option (years)	3.00

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.

Management Performance Rights Plan (MPRP)

The Company has an established MPRP 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 Company, although the Board may waive this requirement;
- Performance rights 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;
- A performance right is a right to acquire one fully paid ordinary share in the Company subject to satisfaction of performance conditions, and will expire at the conclusion of the performance period. No consideration is payable by a participant in respect of the grant of performance rights, nor is any amount payable upon the vesting of the rights, or the subsequent issue of shares in respect of them;
- Performance rights are issued on terms that impose a real risk of forfeiture and cessation to the participants if the performance conditions are not met or the participant acts fraudulently or dishonestly, or if the participant ceases to be an eligible employee;
- The total number of shares the subject of performance rights 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;

12 Share-based payments (continued)

Management Performance Rights Plan (MPRP) (continued)

- Granted performance rights will lapse on the earliest occurrence of the following:
  - Expiry date if performance condition not met,
  - Fraudulent/dishonest actions or in breach of obligation to the Company,
  - Ceasing employment with the Company other than by retirement, permanent disability, redundancy or death;
- The Plan does not allow participants to transfer performance rights unless the Board gives its prior written consent;
- Shares issued as a result of the vesting of performance rights will rank equally with the Company's previously issued shares.

The Board may amend the Plan Rules subject to the requirements of the Australian Securities Exchange Listing Rules.

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share-based payments is disclosed in note 3(c).

The outstanding balance as at 30 June 2015 is represented by:

Number of Rights Granted	Date of grant	Date of vesting	Expiry Date	Share price on grant date	Probability factor for conditions to be met	Value of rights	Financial year for value allocation
4,167,746	28/11/2013	01/07/2015	30/09/2016	0.081	50%	168,793.71	2014/2015
4,167,746	28/11/2013	01/07/2016	30/09/2016	0.081	50%	168,793.71	2015/2016
2,778,868	01/07/2014	01/07/2015	01/07/2015	0.058	100%	161,174.34	2014/2015
11,114,360							

The fair value of the performance rights granted under the performance rights plan to date have been calculated using the Company's share price at grant date and then applying a probability factor of the vesting conditions being met.

On 1 July 2015 the Company issued 2,778,868 shares upon the vesting of Performance Rights under the Company's long term incentives plans and in accordance with the Performance Rights Plan approved by shareholders at the Annual General Meeting held on 28 November 2013.

13 Trade and other payables

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Trade payables [i]	**533,485**	242,360
Other payables [ii]	**74,874**	94,373
Accrued Expenses	**496,007**	160,550
Interest payable [iii]	**2,153**	197,397
	1,106,519	694,680

(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.
(iii) Interest payable relates to the Macquarie Debt Facility.

Information regarding the credit risk of current payables is set out in note 21.

14 Provisions

	CONSOLIDATED	
	2015	**2014**
	$	**$**
Short-term provisions		
Annual leave provision:		
Opening Balance	**112,909**	150,934
Movement during year	**55,134**	(38,025)
Closing Balance 30 June	**168,043**	112,909
Long Service Leave:		
Opening Balance	**-**	-
Transfer from Long-term provision	**34,106**	-
Closing Balance 30 June	**34,106**	-
Long-term provisions		
Long Service Leave:		
Opening Balance	**45,967**	83,435
Transfer to Short-term provision	**(34,106)**	-
Movement during year	**27,330**	(37,468)
Closing Balance 30 June	**39,191**	45,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

15 Borrowings

	Effective Interest Rate	Maturity	CONSOLIDATED 2015 $	2014 $
BORROWINGS				
Current				
Other loans:				
A$12m Macquarie Debt Facility	7.60%	1-Mar-16	**12,000,000**	-
Less: Transaction costs			**(4,559,090)**	-
Add : Amortised transaction costs			**3,515,205**	-
			10,956,115	-
Non-current				
Other loans:				
A$12m Macquarie Debt Facility	7.60%	1-Mar-16	**-**	12,000,000
Less: Transaction costs			**-**	(4,559,090)
Add : Amortised transaction costs			**-**	1,949,377
			-	9,390,287
A$10m Unitisation Deed		22-Dec-17	**10,000,000**	-
Less: Present value discount of Unitisation Agreement			**(2,882,198)**	-
Add : Unwinding of present value discount			**427,068**	
Less: Transaction costs			**(114,096)**	-
Add : Amortised transaction costs			**19,016**	-
			7,449,790	-
A$6m Sentient Group Loan (refer Note 24)			**-**	-
Less: Transaction costs			**(89,772)**	-
			(89,772)	-
Total Borrowings			**7,360,018**	9,390,287

15 Borrowings (continued)

Macquarie Debt Facility

The principles used to account for the Macquarie Debt Facility are consistent with AASB 139 'Financial Instruments: Recognition and Measurement', and are referred to within the Statement of Significant Accounting Policies at Note 1 paragraph c.

The $12,000,000 Macquarie Debt Facility is a secured loan with a term of three years. Toro is obliged to repay the loan in full on or before March 2016 (the three year expiry date), in the event of a sale of its interest in the Wiluna Project or when it undertakes a loan drawdown in respect of any project funding of the Wiluna Project. The interest rate applicable to the loan is at the Australian bank bill rate plus a fixed margin.

In line with the terms of the Facility, Toro issued 3 tranches of 3 year options to Macquarie at an exercise price at a 20% premium to Toro's 30 day volume weighted average share price ("30 day VWAP") at the time of each tranche issued. Should all the options be exercised, the funds raised would be equivalent to the A$12m face value of the facility. Under the terms of the Facility, any proceeds from the exercise of the options must be directed towards the repayment of the outstanding loan balance.

In respect of any other asset sales, Toro is obliged to direct 50% of any cash proceeds towards loan repayments when asset sales in aggregate have exceeded A$2.0 million.

Refer to the Statement of Significant Accounting Policies, 'Borrowings' at Note 1(c), for a description of the accounting treatment of the Macquarie Debt Facility.

On 31 July 2015 the Company repaid $6M of Macquarie Bank's fully drawn $12M Debt Facility. The remaining balance of the MBL Facility will be repaid via a $6M 3 year interest free loan from Sentient. The interest free loan is conditional upon completion of full form loan documentation and issue of 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan. Completion of the loan documentation and option issue is scheduled for quarter three of 2015.

Unitisation Agreement

Under the Unitisation Agreement Sentient has provided Toro $10M interest free to be used for research and development activities for the Wiluna Project in return for a fee of a 2.5% of the gross proceeds from production of uranium on Toro's Wiluna Project tenements.

The Unitisation Agreement can be terminated by either party after three years (or earlier in certain circumstances, including a change in control of Toro). Upon termination, the unitisation fee is to be bought back by Toro at the higher of $10M less amounts paid under the Unitisation Agreement and the independently assessed fair market value of the unitisation fee at or around the time of termination. Toro may elect at its discretion to satisfy the consideration payable on termination in cash or Toro Shares. Where consideration is paid in shares the share price is determined by a 7.5% discount to a 30 day volume weighted average price.

The Unitisation Agreement can be terminated by either party after 3 years.

Despite the Company's ability to satisfy the consideration payable on maturity or termination by the issue of Toro shares the accounting standards require the funds received under the Unitisation Agreement to be treated as a financial liability as the quantum of shares required to satisfy the repayment cannot be quantified at this point in time.

Further, as the funding has been provided interest free, AASB 139 Financial Instruments requires the full amount of $10M to be discounted back to present value using a rate of 12%, which is based on the Company's estimated weighted average cost of capital. A total of $427,068 represents the unwinding of the present value discount up to 30 June 2015.

Sentient Group Loan

The Company announced a $6M repayment of Macquarie Bank's $12M Debt Facility and refinancing of the remaining $6M with a 3 year interest free loan from Sentient. The interest free loan is conditional upon completion of full form loan documentation and issue of 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan.

At 30 June 2015 the Company had incurred costs in respect of the loan transaction, which will be amortised over the period of the loan. Completion of the interest free loan documentation, receipt of funds and full repayment of the MBL Debt Facility is scheduled for quarter three of 2015.

16 Issued capital

	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
Ordinary Shares	**293,805,133**	260,037,908
	293,805,133	260,037,908

	Number*	$
Ordinary shares		
Balance at beginning of financial year	**663,165,892**	260,037,908
Long and Short Term Incentive shares issued	**3,052,883**	46,398
Capital Raising – Share placement	**12,500,000**	1,000,000
Capital Raising – Share Purchase Plan	**48,794,375**	3,903,550
Shares issued for Sentient Group transaction	**364,302,720**	29,380,707
Costs of capital raising	**-**	(563,430)
Balance at end of year	**1,091,815,870**	293,805,133

	LEGAL PARENT ENTITY 2015 Number*	LEGAL PARENT ENTITY 2015 $
Ordinary shares		
Balance at beginning of financial year	**1,565,492,158**	399,818,084
Long and Short Term Incentive shares issued	**3,052,883**	46,398
Capital Raising – Share placement	**12,500,000**	1,000,000
Capital Raising – Share Purchase Plan	**48,794,375**	3,903,550
Shares issued for Sentient Group transaction	**364,302,720**	29,380,707
Costs of capital raising	**-**	(563,430)
Balance at end of year	**1,994,142,136**	433,585,309

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

* Under AASB 3 the acquisition of Nova Energy Ltd in 2007 was deemed a 'reverse acquisition' and Toro Energy's legal subsidiary Nova Energy Pty Ltd is considered the parent for accounting consolidation purposes. As shares in Nova Energy are not listed or publically traded the consolidated view does not detail the volume of shares relative to transactions subsequent to the acquisition. The legal parent entity Toro Energy Limited has been included to provide details of the volume of shares on issue at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

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17 Reserves

	CONSOLIDATED 2015 $	2014 $
Share Reserve		
Opening Balance	**6,471,040**	6,822,418
Options issued	**-**	122,475
Options cancelled/expired	**(440,016)**	(689,045)
Performance rights issued	**346,847**	168,794
Shares issued – STI [(1)]	**(46,398)**	46,398
Provision – Directors fees paid in shares	**9,182**	-
Closing Balance	**6,340,655**	6,471,040

(1) Shares issued as part of Short-Term Incentive to Managing Director in 2014 that required shareholder approval prior to the allotment of shares in 2015.

Nature and purpose of reserve

Records values of options and performance rights provided to either employees, directors or third parties as part remuneration or other transaction consideration.

18 Commitments

	CONSOLIDATED 2015 $	2014 $
Operating leases		
Not longer than 1 year	**238,776**	232,774
Longer than 1 year and not longer than 5 years	**105,301**	293,597
	344,077	526,371

Terms of lease arrangements

The Group has an operating lease in place for its principal place of business in Perth which expires on 31 January 2017, with a two year renewal term until 31 January 2019. The remaining Company property leases are for terms of 1 year or less.

Exploration leases

As at 30 June 2015 the Group held Exploration Licences over 102 tenements. The rental, rates and statutory expenditure commitments required for these tenements are $6,944,010 within 1 year and $20,525,720 between 2 and 5 years.

The Group has various bank guarantees totalling $83,847 at 30 June 2015 which act as collateral over tenements which the Group operates.

19 Auditors remuneration

	CONSOLIDATED 2015 $	2014 $
Audit or review of the financial report	**50,566**	31,949
	50,566	31,949

20 Controlled entities

Name of company	Country of incorporation	Ownership interest 2015 %	2014 %
Parent entity			
Toro Energy Ltd (i)	Australia		
Subsidiaries			
Minotaur Uranium Pty Ltd (ii)	Australia	100	100
Toro Energy Canada Pty Ltd (ii)	Australia	100	100
Nova Energy Pty Ltd (ii)	Australia	100	100
Nova Energy (Africa) Pty Ltd (ii)	Australia	100	100
Redport Exploration Pty Ltd (ii)	Australia	100	100
Mega Lake Maitland Pty Ltd (ii)	Australia	100	100
Mega Stations Holding Pty Ltd (ii)	Australia	100	100

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

21 Financial instruments – fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The three Levels of a fair value hierarchy are defined based on the observability of significant inputs to the measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- level 3: unobservable inputs for the asset or liability

		CARRYING AMOUNT					FAIR VALUE			
	Note	AFS $'000	Held for Trading (FVTPL) $'000	Held to Maturity $'000	Loans and Receivables $'000	Total $'000	Level 1	Level 2	Level 3	Total
		(Carried at fair value)		(Carried at amortised cost)						
30 June 2015										
Financial Assets										
Cash and cash equivalents	6	-	-	-	22,887	22,887	-	-	-	-
Trade and other receivables	7	-	-	-	898	898	-	-	-	-
Other current assets	8	-	-	-	201	201	-	-	-	-
		-	-	-	23,986	23,986				

	Note		Designated at FVTPL $'000	Other Liabilities at FVTPL $'000	Other Liabilities $'000	Total $'000	Level 1	Level 2	Level 3	Total
			(Carried at fair value)		(Carried at amortised cost)					
30 June 2015										
Financial Liabilities										
Trade and other payables	14	-	-	-	(1,107)	(1,107)	-	-	-	-
Borrowings	16	-	-	-	(7,360)	(7,360)	-	(7,360)	-	(7,360)
		-	-	-	(8,467)	(8,467)				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

21 Financial instruments – fair values and risk management (continued)

		CARRYING AMOUNT					FAIR VALUE			
	Note	AFS $'000	Held for Trading (FVTPL) $'000	Held to Maturity $'000	Loans and Receivables $'000	Total $'000	Level 1	Level 2	Level 3	Total
		(Carried at fair value)		(Carried at amortised cost)						
30 June 2014										
Financial Assets										
Cash and cash equivalents	6	-	-	-	7,151	7,151	-	-	-	-
Trade and other receivables	7	-	-	-	207	207	-	-	-	-
Other current assets	8	-	-	-	27	27	-	-	-	-
		-	-	-	7,385	7,385				

	Note		Designated at FVTPL $'000	Other Liabilities at FVTPL $'000	Other Liabilities $'000	Total $'000	Level 1	Level 2	Level 3	Total
			(Carried at fair value)		(Carried at amortised cost)					
30 June 2014										
Financial Liabilities										
Trade and other payables	14	-	-	-	(695)	(695)	-	-	-	-
Borrowings	16	-	-	-	(9,390)	(9,390)	-	(9,390)	-	(9,390)
		-	-	-	(10,085)	(10,085)				

Financial risk management policies

The Board of directors are responsible for monitoring and managing financial risk exposures of the Group. The main risks the Group are exposed to involve credit risk, capital risk, interest rate risk and liquidity risk.

21 Financial instruments – fair values and risk management (continued)

Categories of financial instruments

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	CONSOLIDATED	
	2015 $	**2014 $**
Financial assets		
Cash and cash equivalents	**22,886,815**	7,151,347
Trade and other receivables	**898,436**	207,482
Financial liabilities		
Trade and other payables	**1,106,519**	694,680
Obligations under hire purchase	**-**	-
Borrowings	**12,000,000**	12,000,000

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 credit worthy 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.

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, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

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

- Net profit would increase or decrease by $75,095 (2014: $46,017) which is attributable to the Group's exposure to interest rates on its variable bank deposits and the Macquarie Debt Facility.

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 and investing surplus cash only in major financial institutions.

21 Financial instruments – fair values and risk management (continued)

Liquidity and interest risk tables

The following table details 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			
	< 1year $	> 1 – < 5 years $	Non-interest bearing $	Total $
Year ended 30 June 2015				
FINANCIAL LIABILITIES				
Fixed rate	10,956,115	-	7,968,377	18,924,492
Weighted average effective interest rate	**6.90%**	-		
Year ended 30 June 2014				
FINANCIAL LIABILITIES				
Fixed rate	-	9,390,287	336,733	9,727,019
Weighted average effective interest rate	-	**7.60%**		

The following table details 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 Group anticipates that the cash flow will occur in a different period.

	CONSOLIDATED			
	< 1year $	> 1 – < 5 years $	Non-interest bearing $	Total $
Year ended 30 June 2015				
FINANCIAL ASSETS				
Fixed rate	19,500,000	-	898,436	20,398,436
Weighted average effective interest rate	**3.28%**			
Floating rate				
Cash assets	3,386,815	-	-	3,386,815
Weighted average effective interest rate	**1.50%**			
Year ended 30 June 2014				
FINANCIAL ASSETS				
Fixed rate	6,100,000	-	207,482	6,307,482
Weighted average effective interest rate	**3.61%**			
Floating rate				
Cash assets	1,051,347	-	-	1,051,347
Weighted average effective interest rate	**2.85%**			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

22 Related party disclosure and key management personnel remuneration

Details of key management personnel's remuneration can be found under the remuneration report.

a) Controlled entities

Loans

At 30 June 2015 the Group consisted of Toro Energy Limited and its controlled entities Nova Energy Pty Ltd, Nova Energy (Africa) Pty Ltd, Minotaur Uranium Pty Ltd, Toro Energy Canada Pty Ltd, Redport Exploration Pty Ltd, Mega Lake Maitland Pty Ltd and Mega Stations Holding Pty Ltd. Ownership interests in these controlled entities are set out in Note 20.

Transactions between Toro Energy Limited and other entities in the Group during the year consisted of loans advanced by Toro Energy Limited to fund exploration and investment activities. The closing value of all loan amounts to wholly owned members of the Group is contained within the statement of financial position under non-current assets at Note 23.

b) Other related party transactions

The Company is involved in no other related party transactions.

23 Parent entity information

Financial statements and notes for Toro Energy Limited, the legal parent entity, are provided below;

	PARENT	
	2015 **$**	**2014** **$**
Financial position		
Current assets	23,986,499	7,352,332
Non-current assets	134,830,502	130,209,154
Total assets	**158,817,001**	**137,561,486**
Current liabilities	12,264,783	807,590
Non-current liabilities	7,399,209	9,436,254
Total liabilities	**19,663,992**	**10,243,844**
Shareholders equity		
Issued capital	433,585,309	399,818,083
Share Option Reserve	6,125,463	6,471,040
Performance Rights Reserve	168,794	-
Share Reverse – STI	46,398	-
Accumulated losses	(300,772,954)	(278,971,481)
Total equity	**139,153,010**	**127,317,642**
Financial performance		
Loss for the year	(22,241,489)	(8,094,135)
Other comprehensive income/(loss)	-	-
Total comprehensive loss	**(22,241,489)**	**(8,094,135)**

* Included in the loss for the current year is an impairment expense of $22,631,899 to reduce the book value of the investments in controlled entities. Whilst this impairment is required under Australian Accounting Standards (AASB 136), it does not impact the consolidated results and does not reflect any change in the underlying value of the consolidated exploration and development assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

23 Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its controlled entities

At the time of reporting there were no guarantees entered into by the parent for its controlled entities.

Contingent liabilities of the parent entity

As at 30 June 2015 the legal Parent Entity, Toro Energy Limited held exploration Licenses over 40 tenements. The rental rates and statutory expenditure commitments required for these tenements are $2,130,550 within one year and $8,211,250 between two and five years.

Commitments for the acquisition of property, plant and equipment by the parent entity

	PARENT	
	2015 $	**2014 $**
Operating leases		
Not longer than 1 year	**238,776**	232,774
Longer than 1 year and not longer than 5 years	**105,301**	293,597
	344,077	526,371
Hire purchase commitments		
Not longer than 1 year	**-**	-
Longer than 1 year and not longer than 5 years	**-**	-
	-	-
Less: future finance charges	**-**	-
	-	-

24 Events after the balance sheet date

There have been no other matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years except for the following:

On 1 July 2015 the Company issued 2,778,868 shares upon the vesting of Performance Rights under the Company's long term incentives plan and in accordance with the Performance Rights Plan approved by shareholders at the Annual General Meeting held on 28 November 2013.

On 31 July 2015 the Company repaid $6M of Macquarie Bank's fully drawn $12M Debt Facility. The remaining balance of the MBL Facility will be repaid via a $6M 3 year interest free loan from Sentient. The interest free loan is conditional upon completion of full form loan documentation and issue of 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan. Completion of the loan documentation and option issue is scheduled for quarter three of 2015.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Toro Energy Limited (the Company), 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 2015 and of their performance for the year ended on that date; and
        ii. Complying with Accounting Standards (including the Australian Accounting Interpretations)and Corporations Regulations 2001; and
        iii. Complies with International Financial Reporting Standards as disclosed in note 1; 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.
2. The Managing Director and Chief Financial Officer have 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 give 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 2015.

On behalf of the Board

Dr Vanessa Guthrie

Managing Director

Signed this 8 day of September 2015

INDEPENDENT AUDITOR'S REPORT

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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 consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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.

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

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 Company's preparation of the financial report that gives a true and fair view 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 Company'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 opinion.

Independence

In conducting our audit, we have complied with the 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 consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 10 - 15 of the directors' report for the year ended 30 June 2015. 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.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Toro Energy Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 8 September 2015

APPENDIX 1

Current Resources Table – Wiluna Uranium Project
In accordance with JORC 2012(1)

Deposit	U_3O_8 cutoffs	Measured 200 ppm	Measured 500 ppm	Indicated 200 ppm	Indicated 500 ppm	Inferred 200 ppm	Inferred 500 ppm	Total 200 ppm	Total 500 ppm
Centipede	Mt's	2.9	1.2	7.5	3.1	0.0	0.0	10.4	4.3
	Grade ppm	551	872	572	943	0	0	567	923
	Mlb's U_3O_8	3.5	2.4	9.5	6.5	0.0	0.0	13.0	8.8
Lake Way	Mt's	0.0	0.0	10.3	4.2	0.0	0.0	10.3	4.2
	Grade ppm	0	0	545	883	0	0	545	883
	Mlb's U_3O_8	0.0	0.0	12.3	8.2	0.0	0.0	12.3	8.2
Millipede	Mt's	0.0	0.0	4.5	1.6	1.9	0.4	6.4	1.9
	Grade ppm	0	0	530	956	382	887	486	943
	Mlb's U_3O_8	0.0	0.0	5.3	3.3	1.6	0.7	6.9	4.0
Lake Maitland	Mt's	0.0	0.0	19.9	7.5	0.0	0.0	19.9	7.5
	Grade ppm	0	0	555	956	0	0	555	956
	Mlb's U_3O_8	0.0	0.0	24.3	15.7	0.0	0.0	24.3	15.7
Sub-total	**Mt's**	**2.9**	**1.2**	**42.2**	**16.3**	**1.9**	**0.4**	**47.0**	**17.9**
	Grade ppm	**551**	**874**	**553**	**934**	**382**	**887**	**546**	**929**
	Mlb's U_3O_8	**3.5**	**2.4**	**51.4**	**33.7**	**1.6**	**0.7**	**56.6**	**36.7**
Dawson Hinkler	Mt's	0.0	0.0	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	0	0	336	596	282	628	315	604
	Mlb's U_3O_8	0.0	0.0	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Mt's	0.0	0.0	0.0	0.0	11.9	2.3	11.9	2.3
	Grade ppm	0	0	0	0	399	794	399	794
	Mlb's U_3O_8	0.0	0.0	0.0	0.0	10.5	4.1	10.5	4.1
Total Regional Resource	**Mt's**	**2.9**	**1.2**	**50.6**	**17.2**	**19.0**	**2.9**	**72.5**	**21.3**
	Grade ppm	**551**	**874**	**519**	**915**	**365**	**791**	**479**	**898**
	Mlb's U_3O_8	**3.5**	**2.4**	**57.6**	**34.8**	**15.3**	**5.1**	**76.5**	**42.3**

Competent / Qualified Persons' Statements

Dr Greg Shirtliff takes responsibility for all of the information presented here that relates to the results of drilling, inclusive of location of drill holes, depths of mineralisation and deconvolved gamma derived uranium values. Dr. Shirtliff is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Dr. Shirtliff is a full time employee of Toro Energy Limited.

The information presented here that relates to Mineral Resources of the Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna deposits is based on information compiled by Dr Greg Shirtliff of Toro Energy Limited (with the aid of Mega Uranium Limited geologists Mr Stewart Parker and Mr Robin Cox in the case of Lake Maitland) and Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate, and Dr Shirtliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirtliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), Mr Guibal is a Fellow of the AusIMM and Mr Simpson is a Member of the Australian Institute of Geoscientists (AIG) and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

There has been no material change to resources of the Wiluna Project since 20th November 2013.

(1) Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.

CURRENT TENEMENT STATUS

Tenement	Area km²	Holder
WILUNA PROJECT (WA)		
E36/0750	16.2	Toro Energy Ltd
E37/1144	110.7	Redport Exploration
E37/1145	189	Redport Exploration
E37/1146	189	Redport Exploration
E51/1072	94.5	Nova Energy Pty Ltd
E51/1075	29.7	Nova Energy Pty Ltd
E53/1060	5.4	Redport Exploration
E53/1099	5.4	Redport Exploration
E53/1132	35.1	Nova Energy Pty Ltd
E53/1136	67.5	Nova Energy Pty Ltd
E53/1169	13.5	Nova Energy Pty Ltd
E53/1181	91.8	Toro Energy Ltd
E53/1210	43.2	Redport Exploration
E53/1211	40.5	Redport Exploration
E53/1213	113.4	Redport Exploration
E53/1214	10.8	Redport Exploration
E53/1221	21.6	Toro Energy Ltd
E53/1254	37.8	Nova Energy Pty Ltd
E53/1287	27	Nova Energy Pty Ltd
E53/1288	18.9	Nova Energy Pty Ltd
E53/1296	2.7	Nova Energy Pty Ltd
E53/1524	16.2	Toro Energy Ltd
E53/1555	21.6	Nova Energy Pty Ltd
E53/1593	13.5	Toro Energy Ltd
E53/1594	5.4	Toro Energy Ltd
E53/1595	2.7	Toro Energy Ltd
E53/1596	2.7	Toro Energy Ltd
E53/1597	2.7	Toro Energy Ltd
E53/1598	45.9	Toro Energy Ltd
E53/1648	2.7	Toro Energy Ltd
E53/1649	8.1	Toro Energy Ltd
E53/1687	32.4	Nova Energy Pty Ltd

Tenement	Area km²	Holder
WILUNA PROJECT (WA)		
E53/1688	8.1	Nova Energy Pty Ltd
E53/1696	2.7	Nova Energy Pty Ltd
L53/0150	124.8	Nova Energy Pty Ltd
L53/0152	1162.89	Redport Exploration
L53/0158	4.0514	Redport Exploration
L53/0167	2.78	Redport Exploration
L53/0168	0.294	Redport Exploration
M53/0045	6.592	Nova Energy Pty Ltd
M53/0049	5.3995	Nova Energy Pty Ltd
M53/0113	4.856	Nova Energy Pty Ltd
M53/0121	6.585	Nova Energy Pty Ltd
M53/0122	9.1325	Nova Energy Pty Ltd
M53/0123	9.3155	Nova Energy Pty Ltd
M53/0147	6.501	Nova Energy Pty Ltd
M53/0224	8.732	Nova Energy Pty Ltd
M53/0253	9.704	Nova Energy Pty Ltd
M53/0796	9.5545	Nova Energy Pty Ltd
M53/0910	2.1155	Nova Energy Pty Ltd
M53/1089	73.335	Redport Exploration
M53/1095	6.1	Nova Energy Pty Ltd
P37/6943	1.97	Redport Exploration
P53/1350	0.99	Nova Energy Pty Ltd
P53/1351	0.17	Nova Energy Pty Ltd
P53/1352	0.22	Nova Energy Pty Ltd
P53/1355	1.75	Nova Energy Pty Ltd
P53/1356	1.64	Nova Energy Pty Ltd
P53/1357	1.92	Nova Energy Pty Ltd
P53/1358	1.92	Nova Energy Pty Ltd
P53/1359	1.87	Nova Energy Pty Ltd
P53/1360	1.78	Nova Energy Pty Ltd
P53/1369	1.41	Nova Energy Pty Ltd
P53/1370	1.87	Nova Energy Pty Ltd

Tenement	Area km²	Holder
WILUNA PROJECT (WA)		
P53/1371	1.87	Nova Energy Pty Ltd
P53/1372	1.48	Nova Energy Pty Ltd
P53/1373	1.66	Nova Energy Pty Ltd
P53/1374	1.7	Nova Energy Pty Ltd
P53/1396	1.92	Nova Energy Pty Ltd
P53/1397	1.44	Nova Energy Pty Ltd
	2808.7179	
LAKE MACKAY PROJECT (WA)		
E80/3484	186.3	Nova Energy Pty Ltd
E80/3484	186.3	Nova Energy Pty Ltd
E80/3486	186.3	Nova Energy Pty Ltd
E80/3519	189	Nova Energy Pty Ltd
E80/3586	126.9	Nova Energy Pty Ltd
E80/3587	129.6	Nova Energy Pty Ltd
E80/3588	189	Nova Energy Pty Ltd
E80/4449	62.1	Nova Energy Pty Ltd
E80/4498	89.1	Toro Energy Ltd
E80/4607	151.2	Toro Energy Ltd
E80/4664	21.6	Toro Energy Ltd
	1517.4	
BROWNS RANGE PROJECT JV (NT)		
EL26270	264	Toro Energy Ltd
EL26271	495	Toro Energy Ltd
EL26286	198	Toro Energy Ltd
EL26635	141.9	Toro Energy Ltd
EL27000	59.4	Toro Energy Ltd
EL27001	211.2	Toro Energy Ltd
EL27590	56.1	Toro Energy Ltd
	1425.6	
REYNOLDS RANGE PROJECT (NT)		
EL26987	491.7	Toro Energy Ltd
EL27301	287.1	Toro Energy Ltd

Tenement	Area km²	Holder
REYNOLDS RANGE PROJECT (NT)		
EL26287	95.7	Toro Energy Ltd
	874.5	
WALABANBA HILLS PROJECT JV (NT)		
EL26848	148.5	Toro Energy Ltd
EL27115	29.7	Toro Energy Ltd
	178.2	
WISO PROJECT (NT)		
EL27123	821.7	Toro Energy Ltd
EL27138	749.1	Toro Energy Ltd
EL29395	811.8	Toro Energy Ltd
	2382.6	

ASX ADDITIONAL INFORMATION

AS AT 28 SEPTEMBER 2015

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 28 September 2015.

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

2,000,871,665 fully paid ordinary shares are held by 10,448 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

129,813,051 unlisted options are held by 38 individual option holders.

Performance Rights

8,335,492 unlisted performance rights are held by 1 individual performance rights holder.

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

	Fully Paid Ordinary Shares	Unquoted Options	Unquoted Performance Rights
1 - 1,000	973	-	-
1,001 - 5,000	1,642	-	-
5,001 - 10,000	1,921	-	-
10,001 - 100,000	4,696	3	-
100,001 and over	1,216	35	1
	10,448	**38**	**1**

Holding less than a marketable parcel – 3,889

Substantial shareholders

Ordinary Shareholders

	Fully Paid Number	Percentage
OZ Minerals Ltd	422,759,378	21.13
Mega Uranium Ltd	415,000,000	20.74
The Sentient Group	364,302,720	18.21

Twenty largest holders of quoted equity securities

	Ordinary Fully Paid Shares Units	% of Issued Capital
Oz Minerals Limited	422,759,378	21.13
Mega Uranium Ltd	415,000,000	20.74
Sentient Executive Gp IV Ltd	182,550,379	9.12
Sentient Executive Gp III Ltd	181,752,341	9.08
HSBC Custody Nominees (Australia) Limited	97,409,390	4.87
J P Morgan Nominees Australia Limited	30,024,011	1.50
Citicorp Nominees Pty Limited	28,885,634	1.44
Allarrow Pty Ltd	8,768,881	0.44
Mr William Thomas John	6,551,000	0.33
RHB Securities Singapore Pte Ltd <Clients A/C>	6,500,000	0.32
Almeranka Superannuation Pty Ltd <Almeranka Super A/C>	6,265,464	0.31
HSBC Custody Nominees (Australia) Limited – A/C 2	5,621,758	0.28
Saggio Investments Pty Ltd <Saggio Investment A/C>	5,000,000	0.25
Mr Zhao Song	4,587,453	0.23
Mrs Christina Gail McMahon	4,308,333	0.22
Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	3,606,000	0.18
Mr Terence Edwin McMahon	3,570,345	0.18
TE & CG McMahon Nominees Pty Ltd <McMahon Super Fund No2 A/C>	3,442,728	0.17
Arredo Pty Ltd	3,407,394	0.17
Citic Resources Australia Pty Ltd	3,386,025	0.17
Tindindi Cellars Pty Ltd	3,125,000	0.16
Total Top 20 Holders of ORD	**1,426,521,514**	**71.30**
Total Remaining Holders Balance	**574,350,151**	**28.70**

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