Toro Energy Limited

ABN 48 117 127 590

Half Year Report

for the half year ended 31 December 2015

Contents to Half Year Report

All values expressed in Australian Dollars unless otherwise indicated.
C$ = Canadian Dollars

Directors' Report

The directors of Toro Energy Limited ('Toro' or 'the Company') submit their report for the half-year ended 31 December 2015.

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

Directors

Mr Tim Netscher	Non Exec Chair	(Appointed 1 November 2015)
Dr Vanessa Guthrie	Managing Director	
Mr Richard Patricio	Non Exec Director	
Mr Richard Homsany	Non Exec Director	
Mr Michel Marier	Non Exec Director	
Mr John Cahill	Non Exec Director	
Ms Fiona Harris	Non Exec Director	(Resigned 19 October 2015)

Company Secretary
Todd Alder

REVIEW OF OPERATIONS

Key Events

Key events over the period and up to the date of the report include:

- Drilling and geochemical analysis of drill core samples from the Centipede, Millipede, Lake Maitland and Nowthanna deposits along with the re-interpretation of the geology for all of the Wiluna Project deposits. Outcomes included increased grade and resource and substantially improved geological models that underpin innovation and value engineering programs;
- Innovation and value engineering programs initiated and indicating optimisation opportunities for mining, beneficiation, uranium recovery and tailings;
- Significant State and Federal Government environmental approval milestones achieved for the Wiluna Project extension;
- $12M Macquarie Bank debt was repaid in full from existing working capital and the equity capital raising in the previous year. Additionally a $6M interest free loan was entered into with Sentient; and
- Key non-executive chairman board appointment of Mr Tim Netscher.

Operating Results for the Year

The Company's net loss after income tax was $4,783,662.

Wiluna Uranium Project

Material progress made on the Company's flagship asset across resource development, environmental approvals of the Wiluna Project extension, the traditional owner mining agreement and initiation of innovation and value engineering studies.

Wiluna Resource

In October Toro reported a 20% increase in mineral resources for the first deposits scheduled to be mined at Wiluna i.e. Centipede/Millipede.

The Company drilled 66 sonic core holes for 495 metres at Centipede/Millipede, conducted geochemical analysis of drill core samples and in conjunction with SRK Consulting proved that the gamma probe had been underestimating uranium concentrations in previous resource calculations.

The resource estimate at Centipede/Millipede deposit was re-estimated and now hosts 15.3Mlb U_3O_8 at an average grade of 1,021ppm U_3O_8 at a 500ppm cut-off.

The Company also drilled 49 sonic core holes for 353 metres at Lake Maitland and completed geochemical analysis of all drill core samples. Fifteen per cent of the holes intersected mineralisation above 2,000 ppm U_3O_8 in shallow lying zones at a depth less than five metres from surface.

The resource at Lake Maitland was re-estimated and now has high grade mineral resources increasing to 16.9 Mlbs contained U_3O_8 with an average grade of 929 ppm at a 500ppm cut-off.

The Mineral Resource Estimate for Wiluna Project's core deposits Centipede, Millipede, Lake Maitland and Lake Way now stands at 40.4 Mlbs contained U_3O_8 with an average grade of 951 ppm at a 500ppm cut-off.

A resource increase was also advised for the Nowthanna deposit after 15 holes for 124 metres were drilled for confirmation of historical data. The Nowthanna resource now stands at 11.9 Mlb contained U_3O_8 at a 200 ppm cut-off. This increase adds to the Wiluna Project's regional resource base, which now stands at 84.0 Mlbs U_3O_8 (200 ppm cut-off).

See Appendix 1 for JORC 2012 resource table and Competent Persons Statement.

Environmental Approvals for Wiluna Project Extension

A number of significant milestones were achieved with regards to progressing environmental approval for the Wiluna Project extension.

Environmental approval for the Wiluna Project extension refers to the approvals required to mine the Project's additional deposits of Millipede and Lake Maitland in addition to the State and Federal environmental approvals already received for mining processing, tailings and rehabilitation at Centipede and Lake Way.

In November 2015 the Company released for public review a 600 page PER (Public Environmental Review) supported by almost 80 appendices providing details of Toro's technical studies and environmental management plans.

To encourage public engagement in the review, Toro held information sessions in Kalgoorlie, Leonora and Wiluna during January 2016.

The twelve-week public review period ended on 8 February 2016.

The Company is now responding to the Environmental Protection Authority on submissions made by members of the public and government agencies.

Traditional Owner Mining Agreement

Negotiation of a mining agreement between Toro and the Wiluna People continued and is estimated to be completed in early 2016. The agreement will cover land on which the project would be undertaken including the deposits of Centipede, Millipede and Lake Way which is held in native title by the Wiluna/Tarlpa People.

Toro also attended the annual meeting of the Barwidgee Aboriginal Corporation which represents Aboriginal people with an interest in Lake Maitland. At the invitation of the Barwidgee People, Toro provided a presentation on the progress of the project and discussed various means of community support.

Innovations and Value Engineering Studies

Upgraded resource results, and in particular improved geological models, provided the Company an opportunity to work on a revised mining schedule aimed at delivering higher head grade to the mill, thereby improving the project economics.

SRK Consulting (Australia) Pty Ltd were appointed to undertake revised mine optimisations including investigating alternative high grade mining strategies and challenging fundamental mining assumptions such as mining rates and equipment selection.

The Company continued to explore opportunities in improved process design, project configuration and operating and capital cost improvements for the project.

Research and development programs undertaken during 2015 included:

- Identification of resins and solvents capable of economically recovering uranium in high chloride and alkaline solutions;
- Optimisation strategies to improve water recovery from tailings thereby reducing tailings volumes; and
- Testwork assessing the applicability of the Marenica *U-pgrade*™ technology.

These programs remain ongoing and are subject to further analysis.

Exploration

In December 2015, Toro entered into a Heads of Agreement (HoA) with Oz Minerals Ltd to explore for nickel on two tenements located near Toro's 100% owned Lake Maitland uranium deposit in Western Australia.

Corporate

Macquarie Bank Debt Refinancing

During the half year ending December 2015 the Company repaid the Macquarie Bank Debt Facility of $12M in full. This was completed with the following funds:

- $2.5M from the Sentient Group on the issue of 31.2M shares completing the final tranche of the transaction announced on 3 November 2014;
- $3M from the Unitisation Agreement;
- $0.5M of existing working capital; and
- $6M interest free loan provided by the Sentient Group maturing in August 2018.

Board Movements

The following Board changes occurred during the period;

- Tim Netscher was appointed as a non-executive director and Chairman on 1 November 2015;
- Fiona Harris retired as a non-executive director for personal reasons on 19 October 2015.

Subsequent Events

There were no significant subsequent events since the end of the reporting period.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page for the half year ended 31 December 2015.

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

On behalf of the Directors

Vanessa Guthrie
Managing Director

10 March 2016

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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 review of Toro Energy Limited for the half-year ended 31 December 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 review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 10 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

		Consolidated	
	Note	31 Dec 2015 $	31 Dec 2014 $
Other income	5 (a)	249,820	114,536
Present value of financial liability	12	1,729,319	2,882,198
Impairment of available for sale shares	10	(20,354)	(63,822)
Impairment of exploration & evaluation assets	11	(2,765,186)	(144,598)
Provision for impairment: loans and receivables	8	-	(18,531,564)
Employee benefits expense	5 (b)	(874,523)	(531,211)
Depreciation expense		(246,762)	(339,996)
Finance costs	5(c)	(2,128,633)	(1,242,198)
Other expenses	5(d)	(727,343)	(778,482)
Loss before income tax expense		**(4,783,662)**	**(18,635,137)**
Income tax expense		-	-
Loss from continuing operations		(4,783,662)	(18,635,137)
Loss for the period		(4,783,662)	(18,635,137)
Loss attributable to members of the parent entity		**(4,783,662)**	**(18,635,137)**
Other comprehensive income:			
Other comprehensive income for the period (net of income tax)		-	-
Total comprehensive loss for the period		**(4,783,662)**	**(18,635,137)**

Earnings per share:		*Cents*	*Cents*
Basic earnings per share	6	(0.24)	(1.17)
Diluted earnings per share		(0.24)	(1.17)

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position
AS AT 31 DECEMBER 2015

	Note	31 December 2015 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents	**7**	13,362,715	22,886,815
Trade and other receivables	**8**	78,164	898,436
Other current assets	**9**	18,303	201,258
TOTAL CURRENT ASSETS		13,459,182	23,986,509
NON-CURRENT ASSETS			
Available for sale investments	**10**	20,354	41,266
Property, plant and equipment		1,205,735	1,448,171
Exploration and evaluation assets	**11**	133,165,129	133,343,049
TOTAL NON-CURRENT ASSETS		134,391,218	134,832,486
TOTAL ASSETS		147,850,400	158,818,995
CURRENT LIABILITIES			
Trade and other payables		386,141	1,106,519
Short-term borrowings	**12**	-	10,956,115
Short-term provisions		178,048	202,149
TOTAL CURRENT LIABILITIES		564,189	12,264,783
NON-CURRENT LIABILITIES			
Borrowings	**12**	10,995,459	7,360,018
Long-term provisions		37,340	39,191
TOTAL NON-CURRENT LIABILITIES		11,032,799	7,399,209
TOTAL LIABILITIES		11,596,988	19,663,992
NET ASSETS		136,253,412	139,155,003
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	**13**	294,053,016	293,805,133
Reserves		6,643,868	6,340,655
Accumulated losses		(164,443,472)	(160,990,785)
Equity attributable to owners of the Company		136,253,412	139,155,003
TOTAL EQUITY		136,253,412	139,155,003

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Issued capital $	Share reserve $	Accumulated losses $	Total $
Balance at 1 July 2014		260,037,908	6,471,040	(139,191,305)	127,317,643
Total comprehensive income for the period		-	-	(2,758,408)	(2,758,408)
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		22,091,780	-	-	22,091,780
Provision for Tranche 2 share issue to Sentient Group		-	4,788,927	-	4,788,927
Costs of capital raising		(558,082)	-	-	(558,082)
Employee Performance Rights issued		-	181,863	-	181,863
Fair value uplift in available for sale assets		-	-	-	-
Balance at 31 December 2014		286,521,554	11,395,432	(141,949,713)	155,967,274
Balance at 1 July 2015		293,805,133	6,340,655	(160,990,785)	139,155,003
Total comprehensive income for the period		-	-	(4,783,662)	(4,783,662)
Short Term Incentive shares issued		51,317	-	-	51,317
Remuneration shares issued to Director		9,182	(9,182)	-	-
Expired share-based payments		-	(1,330,975)	1,330,975	-
Employee shares issued		187,384	-	-	187,384
Employee Performance Rights issued		-	248,370	-	248,370
Options issued to Sentient Group		-	1,395,000	-	1,395,000
Balance at 31 December 2015		294,053,016	6,643,868	(164,443,472)	136,253,412

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 2015 $	31 Dec 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,175,656)	(390,320)
Interest and other finance costs		(203,956)	(599,769)
Interest received		432,775	107,864
R&D tax concession refund		774,208	-
NET CASH USED IN OPERATING ACTIVITIES		(172,629)	(882,225)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		17,025	199
Purchase of plant and equipment		(57,809)	(12,700)
Purchase of other financial assets		-	(483,362)
Purchase of equity investments		-	(39,184)
Purchase of exploration and evaluation tenements		-	-
Payments for exploration and evaluation activities		(3,112,149)	(2,437,671)
NET CASH USED IN INVESTING ACTIVITIES		(3,152,933)	(2,972,718)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	12,403,550
Transaction costs of issue of shares		(17,014)	(333,082)
Proceeds from borrowings		6,000,000	10,000,000
Transactions costs of borrowings		(181,524)	(114,096)
Repayment of borrowings		(12,000,000)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		(6,198,538)	21,956,372
Net increase / (decrease) in cash and cash equivalents		(9,524,100)	18,101,429
Cash at the beginning of the period		22,886,815	7,151,347
CASH AT THE END OF THE PERIOD	7	13,362,715	25,252,776

The accompanying notes form part of the financial statements.

Notes to the Financial Statements – December 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation
These general purpose financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This financial report is intended to provide users with an update on the latest annual financial statements of Toro Energy Limited and its controlled entities ('the Group'). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 10 March 2016.

New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current half year reporting period. These include:

- Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

The adoption of all of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reporting for the current or prior periods.

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

Notes to the Financial Statements – December 2015

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

In the half-year ended 31 December 2015, management reassessed its estimates and judgements in respect of:

Carrying value of exploration and evaluation expenditure
The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to the statement of profit or loss and other comprehensive income. As a result of this review, management has determined that $2,765,186 be written off as a result of actual or intended relinquishments of title (refer Note 11).

Fair value of financial instruments
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. 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. During the reporting period estimates were required for the fair valuing of the financial liability (refer to Note 10).

2. SEGMENT INFORMATION

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

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 impairment of the loan and convertible note (refer Note 8), impairment of available for sale financial assets (refer Note 10), and the present value discount of the $10M Unitisation agreement and the $6M Sentient loan (refer Note 12).

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

Notes to the Financial Statements – December 2015

	Continuing Operations			Consolidated
	Project Evaluation	Exploration	Reconciling	Revenue & loss for the period
31 Dec 2014				
Segment Revenue	114,536	-	2,882,198	2,996,734
Segment result before tax	(2,829,648)	(156,123)	(15,649,366)	(18,635,137)
Income tax expense	-	-	-	-
Segment loss for the period	(2,829,648)	(156,123)	(15,649,366)	(18,635,137)
31 Dec 2015				
Segment Revenue	249,820	-	1,729,319	1,979,139
Segment result before tax	(3,740,277)	(2,772,704)	1,729,319	(4,783,662)
Income tax expense	-	-	-	-
Segment loss for the period	(3,740,277)	(2,772,704)	1,729,319	(4,783,662)

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

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

	Continuing Operations			Consolidated
	Project Evaluation	Exploration	Reconciling	Total Assets
30 Jun 2015	145,247,835	13,529,893	41,266	158,818,995
31 Dec 2015	134,345,243	13,484,803	20,354	147,850,400

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 31 December 2015 (refer Note 10).

3. CONTINGENT LIABILITIES

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

4. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant subsequent events since the end of the reporting period.

Notes to the Financial Statements – December 2015

5. REVENUE & EXPENSES

	Consolidated As at 31 Dec 15 $	Consolidated As at 31 Dec 14 $
(a) Other Income		
Bank interest received or receivable	249,820	114,337
Gain on sale of asset	-	199
	249,820	114,536

	Consolidated As at 31 Dec 15 $	Consolidated As at 31 Dec 14 $
(b) Employee Benefits Expense		
Wages, salaries, directors fees and other employee benefits expense	1,226,413	983,016
Share based payments expense	435,755	181,863
Transfer to exploration and evaluation assets	(787,645)	(633,668)
	874,523	531,211
(c) Finance Costs		
Interest expense - Macquarie Debt Facility	201,802	459,285
Amortisation of Macquarie Facility Borrowing Costs	1,043,886	782,914
Amortisation of Unitisation Deed Borrowing Costs	19,016	-
Unwinding of Unitisation Deed Present Value discount	427,068	-
Amortisation of Sentient Loan Borrowing Costs	223,327	-
Unwinding of Sentient Loan Present Value discount	213,534	-
	2,128,633	1,242,199
(d) Other Expenses		
Communication and IT costs	11,235	11,914
Travelling expenses	114,976	137,845
Accounting, secretarial support and audit fees	56,054	51,904
Consulting fees	168,720	183,591
Legal fees	8,298	-
Rent and utility expenses	32,964	34,341
AGM, annual report & share registry	152,102	181,276
Advertising and promotional	34,072	35,485
Other expenses	148,922	142,126
	727,343	778,482

Notes to the Financial Statements – December 2015

6. EARNINGS PER SHARE

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

	Consolidated	
	31 Dec 15 $	31 Dec 14 $
Net loss attributable to ordinary equity holders of the Company	(4,783,662)	(18,635,137)
Weighted average number of ordinary shares for basic earnings per share	2,001,201,692	1,587,438,347

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	As at 31 Dec 15 $	As at 30 Jun 15 $
Cash at bank and in hand	1,762,715	3,386,815
Short-term deposits	11,600,000	19,500,000
	13,362,715	22,886,815

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	As at 31 Dec 15 $	As at 30 Jun 15 $
Senior secured loan - Strateco	3,250,202	3,250,202
Provision for impairment - loan	(3,250,202)	(3,250,202)
Convertible Note - Strateco	15,291,482	15,291,482
Provision for impairment - note	(15,291,482)	(15,291,482)
Sundry receivables	6,380	778,992
Goods and services tax receivable	71,785	119,444
	78,164	898,436

<u>Senior Secured Loan - Strateco</u>

On 22 December 2014, Toro acquired from Sentient a C$3M senior secured loan receivable from Strateco.

Consistent with the requirements of AASB 139 the loan was recorded at its fair value plus acquisition costs.

Notes to the Financial Statements – December 2015

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.

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.

9. OTHER CURRENT ASSETS

	Consolidated	
	As at 31 Dec 15 $	As at 30 Jun 15 $
Accrued income	18,303	201,258
Prepayments	-	-
	18,303	201,258

10. AVAILABLE FOR SALE INVESTMENTS

	Consolidated	
	As at 31 Dec 15 $	As at 30 Jun 15 $
Investment in European Uranium Resources Ltd	20,354	41,266
	20,354	41,266

In line with AASB 132 and 139 requirements the shares acquired in European Uranium Resources were recorded at fair value at the time of acquisition and recorded as financial assets available for sale. During the period, they have been written down by $20,354 to their fair value at balance date.

Notes to the Financial Statements – December 2015

11. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	As at 31 Dec 15 $	As at 30 Jun 15 $
Balance at beginning of financial year	133,343,049	128,066,669
Impairment of exploration expenditure (1)	(2,765,186)	(1,337,236)
Reversal of previously booked impairments	-	81,962
Other Expenditure during the year	2,587,266	6,531,654
Balance at end of period	133,165,129	133,343,049

(1) Impairment as a result of surrendered or fair value tests on exploration tenements.

12. BORROWINGS

	Effective Interest Rate	Maturity	Consolidated As at 31 Dec 15 $	Consolidated As at 30 Jun 15 $
BORROWINGS				
Current				
A$12m Macquarie Debt Facility	7.60%	1-Mar-16	-	12,000,000
Less: Transaction costs			(4,559,090)	(4,559,090)
Add : Amortised transaction costs			4,559,090	3,515,205
			-	10,956,115
Non-current				
A$10m Unitisation Deed		22-Dec-17	10,000,000	10,000,000
Less: Present value discount of Unitisation Agreement			(2,882,198)	(2,882,198)
Add : Unwinding of present value discount			854,136	427,068
Less: Transaction costs			(114,096)	(114,096)
Add : Amortised transaction costs			38,032	19,016
			7,895,874	7,449,790
A$6m Sentient Group Loan		2-Aug-18	6,000,000	-
Less: Present value discount of Sentient Loan			(1,729,319)	-
Add : Unwinding of present value discount			213,534	-
Less: Transaction costs			(1,607,958)	(89,772)
Add : Amortised transaction costs			223,327	-
			3,099,585	(89,772)
Total Borrowings			10,995,459	7,449,790

Notes to the Financial Statements – December 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.

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 $854,136 represents the unwinding of the present value discount up to 31 December 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 Company issued 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan.

At 31 December 2015 the Company had incurred costs in respect of the loan transaction, which will be amortised over the period of the loan.

As the funding has been provided interest free, AASB 139 Financial Instruments requires the full amount of $6M 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 $213,534 represents the unwinding of the present value discount up to 31 December 2015.

Notes to the Financial Statements – December 2015

13. ISSUED CAPITAL

	Consolidated As at 31 Dec 15 $	Consolidated As at 30 Jun 15 $
Fully paid ordinary shares	294,053,016	293,805,133
	294,053,016	293,805,133

Reconciliation:

Ordinary shares	Consolidated Half year ended 31 Dec 15 $	Consolidated Year ended 30 Jun 15 $
Balance at beginning of financial year	293,805,133	260,037,908
Long and Short Term Incentive shares issued	51,317	46,398
Capital Raising - Share placement	-	1,000,000
Capital Raising - Share Purchase Plan	-	3,903,550
Shares issued for Sentient Group transaction	-	29,380,707
Remuneration shares issued to Director	9,182	-
Employee shares issued	187,384	-
Costs of capital raising	-	(563,430)
Balance at end of the half year	294,053,016	293,805,133

Ordinary shares	Legal Parent Half year ended 31 Dec 15 No.	Legal Parent Year ended 30 Jun 15 No.
Number at beginning of financial year	1,994,142,136	1,565,492,158
Long and Short Term Incentive shares issued	4,218,973	3,052,883
Capital Raising - Share placement	-	12,500,000
Capital Raising - Share Purchase Plan	-	48,794,375
Shares issued for Sentient Group transaction	-	364,302,720
Remuneration shares issued to Director	131,621	-
Employee shares issued	6,729,529	-
Number of shares at end of half year	2,005,222,259	1,994,142,136

Notes to the Financial Statements – December 2015

14. SHARE BASED PAYMENTS

Unlisted Share Options

The following table illustrates the number and movements in share options during the period:

	31 Dec 15 No.	30 Jun 15 No.
Outstanding at the beginning of the year	129,813,051	133,933,051
Granted during the year	75,000,000	-
Expired during the year	(24,390,244)	-
Cancelled during the year	-	(4,120,000)
Outstanding at the end of the year	180,422,807	129,813,051
Exercisable at the end of the year	180,422,807	129,813,051

The outstanding balance of share options at 31 December 2015 is represented by:

Issue Date	Vesting Date	Expiry Date	Strike Price	Number
3/01/2011	4/01/2011	3/01/2016	0.22	3,680,000
12/01/2011	12/01/2011	11/01/2016	0.22	5,000,000
12/01/2011	12/01/2011	11/01/2016	0.3	1,000,000
26/05/2011	26/05/2011	25/05/2016	0.15	250,000
26/05/2011	26/05/2012	25/05/2016	0.22	250,000
1/07/2011	1/07/2011	30/06/2016	0.11	750,000
1/07/2011	1/07/2012	30/06/2016	0.22	500,000
1/07/2011	1/09/2012	30/06/2016	0.25	750,000
1/08/2011	1/08/2011	31/07/2016	0.13	9,300,000
26/08/2011	26/08/2011	25/08/2016	0.13	225,000
6/03/2013	6/03/2013	7/03/2016	0.142	42,253,521
27/06/2013	27/06/2013	7/03/2016	0.084	35,714,286
17/01/2014	17/01/2014	16/01/2017	0.11	5,750,000
19/11/2015	19/11/2015	2/08/2018	0.08	75,000,000
				180,422,807

Performance Rights

The following table illustrates the number and movements in performance rights during the period:

	31 Dec 15 No.	30 Jun 15 No.
Outstanding at the beginning of the year	11,114,360	12,503,238
Granted during the year	2,550,619	2,778,868
Exercised during the year	(6,113,065)	(2,292,260)
Expired during the year	(833,549)	(1,875,486)
Cancelled during the year	-	-
Outstanding at the end of the year	6,718,365	11,114,360

Notes to the Financial Statements – December 2015

The outstanding balance of performance rights at 31 December 2015 is represented by:

Oustanding balance	Date of grant	Date of vesting	Expriy Date	Share price on grant date	Probability factor for conditions to be met	Value of rights	Financial year for value allocation	Value at 31 Dec 2015[1]
0	28/11/2013	1/07/2015	30/09/2016	0.081	50%	$ -	2015/2016	$ 101,276
4,167,746	28/11/2013	1/07/2016	30/09/2016	0.081	68%	$ 227,872	2015/2016	$ 113,936
2,550,619	30/09/2015	30/09/2016	30/09/2016	0.052	100%	$ 132,632	2015/2016	$ 33,158
6,718,365								**$ 248,370**

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

[1] Performance right valuation adjustment relates to the issue of 3,334,197 shares as a result of performance right vesting conditions being met compared to an estimated issue of 2,083,873 shares made in the 30 June 2015 accounts.

Directors' Declaration:

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 22 are in accordance with the Corporations Act 2001, including;
    a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and the performance for the half-year ended on that date; and
    b. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Vanessa Guthrie
Managing Director

10 March 2016

Grant Thornton

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Independent Auditor's Review Report
To the Members of Toro Energy Limited

We have reviewed the accompanying half-year financial report of Toro Energy Limited ("the Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Toro Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 10 March 2016

Appendix 1

Wiluna Uranium Project Resources Table (JORC 2012)										
		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Centipede / Millipede	Ore Mt's	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	887	553	1,021
	U_3O_8 Mlb's	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mt's	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U_3O_8 Mlb's	-	-	26.4	16.9	-	-	26.4	16.9
Lake Way	Ore Mt's	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U_3O_8 Mlb's	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mt's	**4.9**	**1.9**	**44.3**	**16.9**	**2.7**	**0.4**	**52.0**	**19.2**
	Grade ppm	**579**	**972**	**555**	**948**	**382**	**887**	**548**	**951**
	U_3O_8 Mlb's	**6.2**	**4.2**	**54.2**	**35.3**	**2.3**	**0.9**	**62.7**	**40.4**
Dawson Hinkler	Ore Mt's	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U_3O_8 Mlb's	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mt's	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	794
	U_3O_8 Mlb's	-	-	-	-	11.9	4.6	11.9	4.6
Total	Ore Mt's	**4.9**	**1.9**	**52.7**	**17.8**	**21.4**	**3.3**	**79.0**	**23.0**
	Grade ppm	**579**	**972**	**520**	**931**	**368**	**765**	**482**	**916**
	U_3O_8 Mlb's	**6.2**	**4.2**	**60.4**	**36.4**	**17.4**	**5.5**	**84.0**	**46.4**

Competent Persons' Statement

Wiluna Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates – Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna Deposits

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 and Mr Sebastian Kneer of Toro Energy Limited 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 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.