toro energy
AUSTRALIA'S URANIUM

2016
annual report

Directors

Mr John Cahill (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*

CHAIRMAN & MANAGING DIRECTOR'S REVIEW

Dear Shareholder

During the past year at Toro, even through the difficult market conditions, we have continued to focus on delivering real value to you, our shareholders. During 2015/16 we continued our tight fiscal management, and with a healthy cash balance at June 2016 of $10.2 million and supportive major shareholders, we are well placed to weather the current market. Our flagship Wiluna Uranium Project is well recognised internationally as the next Australian project ready to deliver new production and establish Toro as an important supplier to the world nuclear industry. We continue to seek the best opportunities to grow your company and add value through the development of global uranium resources.

Over the past year, the Company's focus has been on applying funds from the Unitisation Deed provided by Sentient to targeted Research and Development activities to support the Wiluna Project. This has included two significant programs – improving our geological understanding based on new resource drilling, and optimisation of the Wiluna Project processing design, both with the aim of improving the economics and attractiveness of the Project to international investors.

The 2015 drilling program has delivered a 10 percent increase in the Wiluna Project total resource base which now stands at 84 million pounds. Importantly, this also includes an improvement in the high grade (500ppm cut-off) proportion of the resource, which now represents over 40 million pounds of contained U_3O_8 with an average grade of 951ppm from our first four deposits planned to be mined.

Improved geological understanding based on the drilling results also identified more contiguous high grade zones in the main deposits. This enabled the Company to revise the mining inventory to deliver a potential feed grade over 1,000ppm to the mill with some 43 percent less waste mined. These results may convert to a significant mining cost reduction as the Project economics are updated.

The revised high grade inventory was a key input to the optimisation studies that commenced during the year. The Research and Development program has focussed on process design, including beneficiation studies. Early results have been extremely promising, with beneficiation testwork on seven samples demonstrating across a number of the deposits that conventional beneficiation steps can produce a high grade, low mass uranium concentrate to the processing circuit thereby improving the uranium concentration by up to 3.3 times.

These results are particularly important given the deposits are now understood to be hosted by fine grained sediments rather than calcrete as previously thought. This provides much greater leverage for improvement through beneficiation, which is anticipated to result in changes to the process flow sheet and Project configuration, and likely improvement to the operating and capital cost structures for the project.

In parallel with these technical improvements to the Project, Management has remained focussed on delivering the approvals and agreements required to bring the Wiluna Project to market.

In September 2016, the Western Australian Environment Protection Authority (EPA) recommended approval of the extension to the Wiluna Project to include the Lake Maitland and Millipede deposits. Combined with the approvals that were secured in 2012/13 for mining the Centipede and Lake Way deposits, the Wiluna Project is now well positioned to be developed as the global uranium markets support new production. The Company aims to have received full State Ministerial approvals by the end of 2016.

After seven years of negotiations, a mining agreement has been finalised with the Wiluna/Tarlpa Native Title Holders for land on which the Centipede/Millipede, Lake Way and Dawson Hinkler deposits are located. This agreement is comprehensive. It ensures that the local community will share fairly in the benefits of the Project while providing the certainty required for Wiluna to be delivered to the market.

Both the research and development activities and finalisation of the approvals and mining agreement continue to improve the Wiluna Project and positions Toro to be ready for the return of the global uranium market.

The past year has been a very testing one for uranium companies globally, with even the major producers re-assessing their production and development plans. However, the long-term fundamentals of the nuclear power sector remain strong, with continued growth in China and India in particular.

China continues to expand its nuclear power base with a further 20 reactors under construction to add to the 34 currently operating reactors. In addition, India has committed to contract a further 12 reactors from global nuclear technology suppliers to grow its nuclear power capacity to some 14.6 GWe by 2024, supported by the building of a strategic uranium reserve. New production from Australia is well placed to deliver into this reserve under the Nuclear Civil Cooperation Agreement signed by the Australian and Indian governments in 2014.

Japan remains one of the key drivers in the timing of the uranium market recovery. To date, five nuclear reactors have been restarted (although two have since shutdown again) and a further 23 reactors are progressing through the restart approvals process with Japan's Nuclear Regulatory Authority. The Institute of Energy Economics in Japan has forecast a further seven reactors will be in operation by March 2017, which will have a significant impact on market sentiment.

The growth in nuclear power across the non-OECD countries, notably in Asia, is also important for the recovery of demand for uranium.

The role that nuclear power can play as a low-carbon, economically efficient power source is further evidenced by the construction of new reactors across other countries, including Saudi Arabia, the United Arab Emirates and eastern Europe.

While at the current low uranium prices, new production development remains subdued, Toro continues to believe in the long-term future of nuclear power and the strategic contribution that Australian uranium can make, particularly in the growing Asian economies.

In closing, we would like to thank our shareholders for their continued support. Over the coming year we look forward to delivering further substantial improvements to the Wiluna Project that will strengthen Toro's ability to deliver *"Australia's Uranium"* to the growing world energy demand.

John Cahill
Chairman

Vanessa Guthrie
Managing Director

NUCLEAR MARKET

NUCLEAR POWER REMAINS ONE OF THE MOST ECONOMIC LOW CARBON FORMS OF ENERGY TO MEET GROWING GLOBAL POWER DEMAND

Nuclear power remains one of the most economic and CO_2 efficient options for many countries to increase their energy supply security and to diversify away from carbon-intensive sources.

At the date of this report there were 445 operable nuclear reactors able to produce electricity around the world with an additional 61 under construction, 170 planned for construction and 339 proposed for construction (U_xC 2016).

The World Nuclear Performance Report 2016 notes there are more reactors under construction and more reactors that came on line last year than at any time in the past 25 years.

China has 34 operating reactors, an additional 20 reactors under construction and ambitions to double its nuclear generating capacity over the next five years under the country's latest Five-Year Plan.

India is today the world's fastest-growing major economy and has ambitious plans for expanding its installed nuclear power capacity as the government pursues a goal to eliminate poverty and bring electricity to the nation's rural population. India currently operates 21 reactors, generating 5.3 GWe representing two percent of the nation's total electricity production capacity. However the Indian Government is targeting an increase to 14.6 GWe by 2024 and 63 GWe by 2032. In line with this expansion India announced the creation of a strategic uranium reserve, to ensure guaranteed fuel supply to its growing reactor fleet, of which six new reactors are already under construction.

Saudi Arabia's planned nuclear power program of 16 commercial reactors over the next 20 years is drawing the attention of nuclear energy companies such as Russia's Rosatom and the China National Nuclear Corp.

Japan remains one of the key drivers in the timing of the uranium market recovery. Since the earthquake and tsunami at Fukushima the country has seen five nuclear reactors approved and restarted and a further 23 reactors progressed through the restart process.

However, it still faces some opposition to its nuclear restart program with legal action impacting on power generation at Kansai Electric Power's two approved reactors, Takahama Units 3 and 4.

The Institute of Energy Economics in Japan has forecast seven reactors will be in operation by March 2017 and a further 12 one year later.

Toro maintains its confidence in the strength of the long term uranium market fundamentals and in its flagship development asset, the Wiluna Uranium Project, coming to market to meet the inevitable growth in uranium demand.

TORO REMAINS FOCUSED ON ACHIEVING ITS GOAL OF BRINGING NEW AUSTRALIAN URANIUM TO MARKET

COMPANY PERFORMANCE

Toro's continued strong financial position has enabled the Company to actively pursue its vision to be a global uranium company with an enviable portfolio of assets that are well positioned to take advantage of a uranium market upswing.

WILUNA

We have continued development of the Wiluna Uranium Project during the year with a resource upgrade to 84Mlbs uranium across six deposits (200ppm U_3O_8 cut-off). Importantly, the inventory now includes 46.4Mlbs at 916ppm uranium average grade (500ppm U_3O_8 cut-off).

Development activities undertaken during the financial year focussed on three core areas:

1. Securing government environmental approvals for the Millipede and Lake Maitland deposits and Traditional Owner support for mining at Wiluna;
2. Geological modelling and interpretation of 2014 and 2015 drilling campaigns at Wiluna; and
3. Metallurgical, process design and engineering Research and Development studies to improve the cost structure and Project configuration of Wiluna.

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 or reportable environmental incident.

On site activities during the financial year included completion of rehabilitation works on the resource evaluation pit at the Centipede deposit.

All government Ministerial environmental conditions were met during the financial year.

ENVIRONMENTAL APPROVALS

On 6 September 2016 the Western Australian EPA issued its report - "Extension to the Wiluna Uranium Project" number 1580 - recommending the approval of mining at the Millipede and Lake Maitland deposits to the Western Australia Minister for the Environment, subject to conditions.

The EPA recommendation was open to appeal for a period of two weeks. At the time of reporting, the Appeals Convenor was due to make further recommendations to the Minister based on any appeals. Toro expects the WA Minister's final decision during the fourth quarter 2016.

The EPA recommendation follows a three year public environmental review (PER) process involving technical studies, mine planning and public consultation. In November 2015 Toro released a 600 page PER submission supported by almost 80 appendices detailing Toro's technical studies and environmental management plans. A 12 week public review period was supported by Toro with information sessions in Kalgoorlie, Leonora and Wiluna.

There were 59 individual submissions and 2392 pro-forma submissions on the PER. Toro provided the EPA with a response to all submissions

The EPA Report number 1580 now incorporates Ministerial Statement 913 which is the WA Government's approval for mining and processing at Centipede and Lake Way completed in 2012. It is a comprehensive statement of conditions to govern the entire mining and processing operation at Centipede/Millipede, Lake Maitland and Lake Way. The Federal Government has also assessed proposed mining at Millipede and Lake Maitland under a bilateral agreement between the two governments.

During the year Toro hosted visits to the Project site by the then West Australian Minister for Mines, Hon Bill Marmion MP, the Director General of the Department of Mines and Energy, Mr Richard Sellers, and the Chairman of the Environmental Protection Authority, Dr Tom Hatton.

Toro also hosted a site visit to Wiluna in May 2016 by our Joint Venture partners at Lake Maitland, JAURD and IMEA.

COMMUNITY

Toro's engagement with Aboriginal people at Wiluna culminated in the completion of a mining agreement with the Wiluna/Tarlpa Native Title Holders this year. This agreement signifies the consent of the Native Title Holders to mining at Centipede/Millipede and Lake Way with associated infrastructure development.

The agreement followed seven years of negotiation between the Wiluna People and Toro and was ratified at a community meeting at Wiluna during early July 2016.

The mining agreement is comprehensive. As well as providing compensation to the Wiluna People for the effects of the Project on native title and cultural heritage, it covers a range of other important matters including environmental management and protection, regular liaison between Toro and the Native Title Holders and the creation of employment and business development opportunities.

The agreement includes a detailed Cultural Heritage Management Plan to ensure the protection of important sites and places. To support the development of the Plan, further heritage surveys were undertaken with representatives of the Wiluna People in October 2015 and March 2016. The most recent activity included a Martu women's survey of the proposed gas pipeline corridor to ensure the avoidance of registered sites.

Toro has continued its engagement with the Barwidgee People who claim an interest in land on which mining at Lake Maitland is proposed to be undertaken after mining at Centipede/Millipede. The Barwidgee People have not yet lodged a native title claim. The current focus is on Toro's support for the establishment of camping facilities on country to enable younger members of the Barwidgee People to learn more about their Country.

Toro maintained active participation in the Murlpirrmarra Connection, a partnership to improve educational outcomes and increase economic participation and governance of Aboriginal people in Wiluna.

The Company's approach to relationships with Aboriginal people was discussed with the South Australian Nuclear Fuel Cycle Royal Commission where Dr. Guthrie appeared as a witness.

Our relationship with Tarlka Matuwa Piarku Aboriginal Corporation (TMPAC) continues to strengthen

In August 2015, Toro hosted a visit to the Wiluna Project site for a group of 18 people including representatives of the Conservation Council of Western Australia, Federal and State parliamentary members of the Greens and other interested parties. The visit included a review of planned mining operations, mine closure and rehabilitation, environmental management practices, Aboriginal cultural heritage protection and the core farm facilities. It remains Toro's practice to engage with groups and individuals who do not support uranium mining with the aim of increasing everyone's understanding of respective points of view.

RESOURCES AND MINE PLANNING

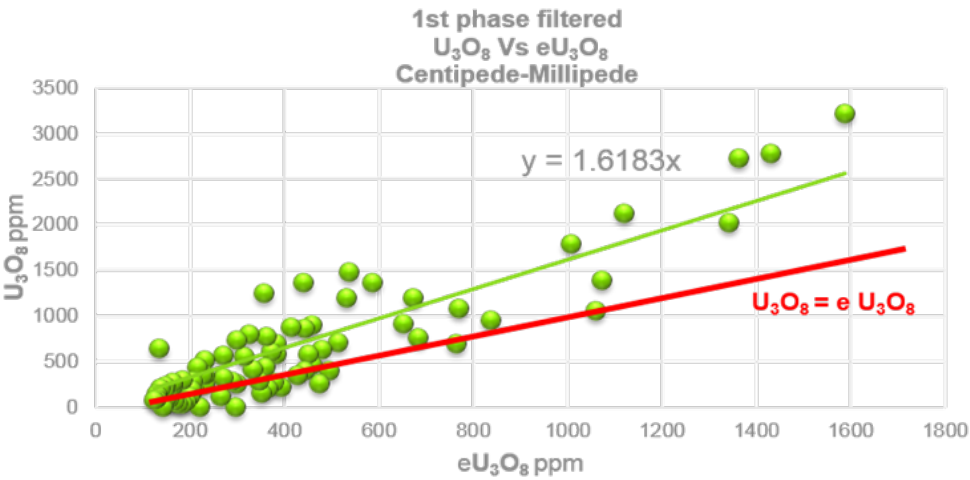
During 2015/16, the results of extensive sonic core drilling program have delivered increased resources, pit optimisation, an improved mining inventory and a greater understanding of the geology. The latter has subsequently led to a significant opportunity to beneficiate the resource with potential grade increases of up to three to four times.

Re-estimations of the Centipede/ Millipede, Lake Maitland and Nowthanna deposits using the 2015 drilling results has led to a 10 percent increase in the Wiluna Project's regional resource base to 84Mlbs U_3O_8 (from 76.5Mlbs prior) (200ppm U_3O_8 cut-off). Importantly for the Project, this incorporates a significant improvement to the Project's current high grade resource with the Centipede/Millipede, Lake Maitland and Lake Way deposits now containing 40.4Mlbs of contained U_3O_8 at an average grade of 951ppm (500ppm cut-off). This includes an increase in the average grade from 930 to 1,021ppm U_3O_8 within the high grade core (>500ppm U_3O_8) of the first resources planned to be mined at Centipede/Millipede.

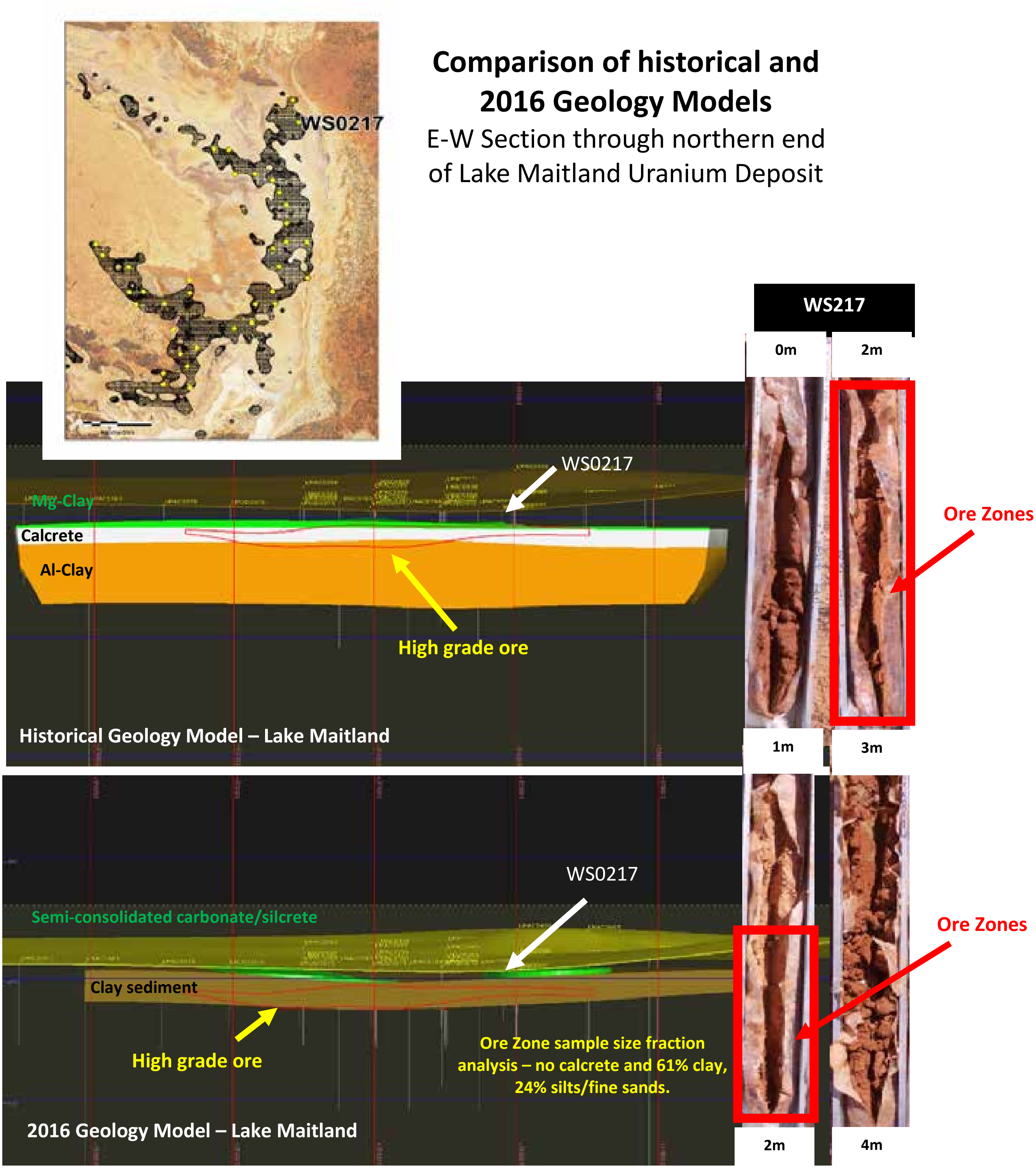
The new estimations and block models also confirmed the findings of 2014, that the high grade zones in the deposits are relatively contiguous. This was exploited in an optimisation of the Centipede/ Millipede pits in early 2016 that resulted in an increase in potential feed grade to the mill to 1,005ppm U_3O_8, up from 895ppm, with no loss of potential production and some 43 percent less waste mined.

Most of the improvement in the resource can be attributed to the application of a factor to the U_3O_8 concentrations that has been derived from measurements of gamma radiation, a technique which accounts for the majority of the data in the resource. The factor has been applied to compensate for a consistent underestimation by gamma measurement of the true concentration of U_3O_8 as determined by geochemical analysis completed on the 2015 drilling samples. A conservative factor of 1.2 was applied by Toro even though comparable data in the 2015 drilling shows a factor as high as 1.6 may be more realistic (refer to Figure below). This means that future resource development work may lead to further resource upgrades.

Re-interpretation of the geology of Wiluna was initiated after the improved geological interpretations from the sonic core in the 2015 drilling campaign revealed inconsistencies with historical geology models. The key finding from these geological observations is that the deposits are not strictly 'calcrete' hosted as previously thought. Rather, they are hosted predominantly by clay sediments (refer to Figure on page 8). This creates significant beneficiation opportunities, including applying a simple process to remove clay sized sediments (which contains very little uranium mineralisation) that may greatly enhance the grade of ore presented to the mill for processing.



Comparison of geochemistry derived U_3O_8 with gamma probe derived eU_3O_8 from the 2015 sonic core drilling program across Centipede/Millipede and Lake Maitland filtered for errors. (See text for further details).



Comparison of the historical v 2016 re-interpretation of the geology at Lake Maitland using an E-W section through the northern end of the deposit. The core photographs of WS217 have been included to show the validity of the 2016 re-interpretation of clay rather than 'calcrete' through the ore zone. (See text for further details).

METALLURGY, PROCESS DESIGN AND ENGINEERING

Research and development studies that were commenced during the year included process flow sheet optimisation to improve water recovery from tailings, reduce tailing volumes, review resins and solvents capable of extracting uranium in high chloride and alkaline solutions, and beneficiation and leach testwork.

During the year, a testwork program was initiated to test conventional beneficiation processes on ore from the Project. The aim of beneficiation is to produce high grade low mass uranium concentrate to feed the leach circuit with minimal uranium loss. The implications of successful beneficiation could be transformational to the mine planning, circuit design and cost structure for the Project. Results of conventional beneficiation applied to seven ore samples from across three Wiluna deposits demonstrated that a simple screen and de-slime beneficiation circuit could significantly upgrade the majority of Wiluna feed to the proposed mill. Specifically the results have shown that high grade mineralisation associated with fine grain sediments can be beneficiated up to 3.3 times the original grade, resulting in a reduction to 27 percent of the original mass with a 16 percent loss of the total uranium. Importantly beneficiation was successful across varying grades and mineralogy. The Scoping Study is continuing with leach testwork and a new metallurgical model that will facilitate circuit design changes and result in improved Project cost structures.

EXPLORATION

While we have maintained focus on Wiluna as our core asset that will deliver the greatest value as global uranium markets improve, we have also sought to realise value from our exploration assets through the year.

As part of our cost reduction strategy, we have executed a plan to significantly reduce the holding costs of Toro's exploration assets, by maintaining our most prospective exploration tenure at the Theseus Uranium Project prospect and seeking to joint venture, consolidate or relinquish less prospective ground holdings.

To that end, during the year we sold a number of tenements that were more prospective for minerals other than uranium. This included the sale of exploration tenements to our joint venture partners largely in the Northern Territory.

We also recognised the potential value in some of the tenements located around Toro's 100% Lake Maitland Uranium Project. In December 2015 Toro entered into a Heads of Agreement with Oz Minerals Ltd to explore for nickel on two tenements located near Lake Maitland. Under the Heads of Agreement, Oz Minerals can spend $5M to earn up to a 70% interest in the non-uranium rights on the two tenements. The primary focus will be nickel exploration on the Yandal One nickel prospect on E53/1210. Toro identified the exploration opportunity during a review of prospectivity of the Wiluna exploration tenements. Nickel grades of up to 0.45% Ni over five metres were returned from shallow rotary air blast drilling.

Joint venture partners at Lake Maitland, JAURD and IMEA, must consent to Oz Minerals earning an interest in non-uranium rights on the two tenements and Toro is currently finalising arrangements to commence exploration work with Oz Minerals.

During the year Toro also sold its remaining interests in the Browns Range exploration tenements to Northern Star Resources Limited as part of an arrangement also involving our joint venture partners Northern Minerals. We also took the opportunity to exit our joint venture in potash at Lake Mackay. As a result of our exploration rationalisation, Toro has realised more than $0.5 million in cash and is targeting a reduction in holding costs by more than 60 percent.

The continued slow global uranium market sustained to present Toro with the opportunity to improve its asset base by both releasing non-core assets to the exploration market as well as looking to acquire low cost uranium resources and position Toro as a global uranium company.

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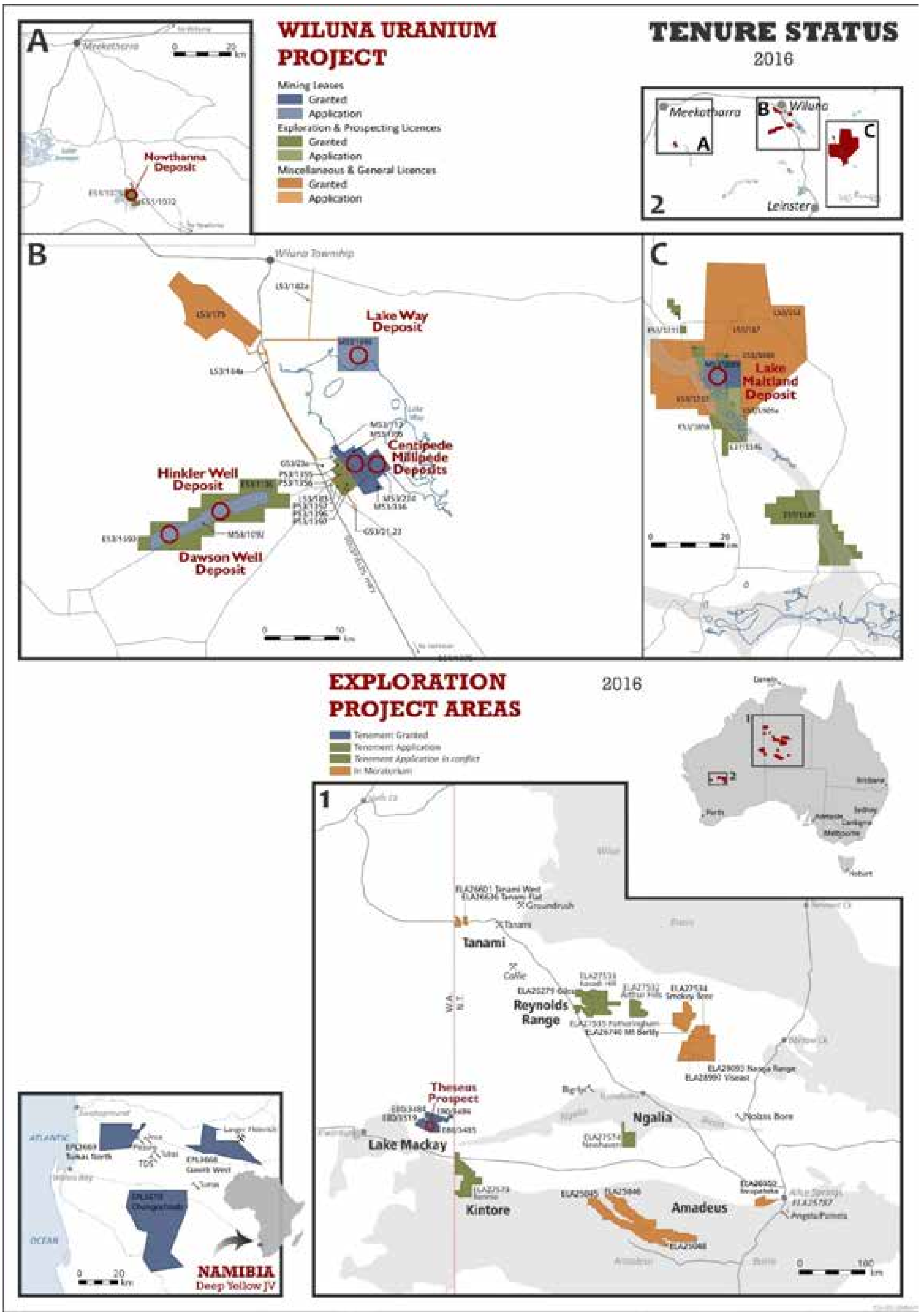
TORO'S STRONG SCIENTIFIC AND TECHNICAL BASE ENABLES THE COMPANY TO CONTINUE TO POSITION WILUNA READY FOR THE MARKET RETURN

PROJECT AREAS 2016



CURRENT RESOURCE TABLE

WILUNA URANIUM PROJECT IN ACCORDANCE WITH JORC 2012[(1)(2)]

Wiluna Uranium Project
Resources Table (JORC 2012) [1)(2)]

		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Centipede / Millipede	Ore Mts	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	986	553	1,021
	U_3O_8 Mlbs	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mts	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U_3O_8 Mlbs	-	-	26.4	16.9	-	-	26.4	16.9
Lake Way	Ore Mts	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U_3O_8 Mlbs	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mts	4.9	1.9	44.3	16.9	2.7	0.4	52.0	19.2
	Grade ppm	579	972	555	948	382	986	548	951
	U_3O_8 Mlbs	6.2	4.2	54.2	35.3	2.3	0.9	62.7	40.4
Dawson Hinkler	Ore Mts	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U_3O_8 Mlbs	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mts	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	794
	U_3O_8 Mlbs	-	-	-	-	11.9	4.6	11.9	4.6
Total	**Ore Mts**	**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 Mlbs	**6.2**	**4.2**	**60.4**	**36.4**	**17.4**	**5.5**	**84.0**	**46.4**

(1) *Refer to Competent Persons' Statement at Appendix 1 at the back of this report and the JORC Table 1 presented in ASX release of 2 February 2016 for details on how these resources are estimated.*

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

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DIRECTORS' REPORT

Your directors submit their financial report for the year ended 30 June 2016.

Directors

The names and details of Toro Energy Limited ("The Company") directors in office during the financial year and until the date of this report are;

Mr John Cahill	Chairman
Dr Vanessa Guthrie	Managing Director
Mr Richard Patricio	Non-Executive Director
Mr Richard Homsany	Non-Executive Director
Mr Michel Marier	Non-Executive Director
Mr Tim Netscher	Chairman (Appointed 1 November 2015 and resigned 1 September 2016)
Ms Fiona Harris	Non-Executive Director (Resigned 19 October 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 and Chairman)

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 filled the position of Chair during Ms Harris's leave of absence and was appointed Chair upon the retirement of Mr Tim Netscher on 1 September 2016.

Mr Cahill is a member of the Company's Audit and Risk 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 FTSE, (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, a Fellow of the Australian Academy of Technological Sciences and Engineering, was a former Director of Reed Resources and Nova Energy, and is currently a Non-Executive Director at the Western Australia Cricket Association and Murlpirrmarra Connection, and is Chair of the Board of the Minerals Council of Australia.

She has an extensive career in the mining industry spanning over 25 years. 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 Woodside Energy. 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 Mega Uranium Ltd., a Toronto-based uranium investment and development company.

In addition to his legal and corporate experience, Mr. Patricio has built a number of mining companies with global operations and managed Pinetree Capital Ltd (as its CEO until May 2016 and as its Vice President Legal and Corporate Affairs since 2005) a diversified investment company focussed on the early stage resource markets. He has held 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:

Terreno Resources Corporation
NexGen Energy Ltd

DIRECTORS' REPORT

Latin American Minerals Ltd
Macarthur Minerals Ltd (resigned April 2015)
Mega Precious Metals Inc (resigned June 2015)
Energy Fuels Inc (resigned June 2015)
U_3O_8 Corp (resigned July 2015)
Caledonia Mining Corporation (resigned August 2015)
Plateau Uranium Inc (resigned March 2016)

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 was a member of the Remuneration & Nomination Committee during the 2015/16 financial year and up to 1 September 2016 when the committee was disbanded.

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 and Chair of the Company's Audit and Risk Committee.

Directorships of Listed Companies held during the previous three years:

Samco Gold – TSX.V
Geodynamics Ltd (resigned 2015)

Mr. Tim Netscher, BSc (Eng) (Chemical), MBA, B.Com, FIChE, CEng, MAICD (Chairman)

Tim has broad-based experience at senior level in the international resources industry, in roles spanning marketing, operations management, project management and business development in Australia, South Africa, the USA and Indonesia.

Previous positions include: Managing Director of Gindalbie Metals Ltd, Senior Vice President of Newmont Asia Pacific, Managing Director of Vale Australia, Senior Vice President and COO of PT Inco, and Executive Director of Impala Platinum Limited.

Mr Netscher is currently Chairman of ASX300 listed St Barbara Limited and is a non-executive director of ASX200 listed Western Areas Limited and ASX300 listed Gold Road Resources Limited and is also non-executive director of privately held Aquila Resources (jointly owned by Baosteel and Aurizon Limited).

Mr Netscher was appointed as Director and Chairman of the Toro Energy Ltd Board on 1 November 2015 and retired from the Board on 1 September 2016. Mr Netscher was also Chair of the Remuneration & Nomination Committee during the 2015/16 financial year and up to 1 September 2016 when the committee was disbanded.

Directorships of Listed Companies held during the previous three years:

St Barbara Limited
Western Areas Limited
Gold Road Resources Limited
Deep Yellow Limited (resigned December 2015)
Gindalbie Metals Limited (resigned October 2013)

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

Fiona Harris has been a professional Non-Executive Director for more than 20 years, with roles covering a range of sectors including financial services, utilities, property, energy and natural resources.

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

Ms Harris resigned from the Board of Toro Energy Limited on 19 October 2015 at which time she held board positions with Infigen Energy, BWP Trust, Perron Group and Oil Search Ltd.

DIRECTORS' REPORT

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 $52,161,940 (2015: $22,239,496).

Included in the loss were non-cash impairment expenses of $48,745,450 resulting from decisions to cease and/or reduce exploration activities.

Operations overview

Board Movements

The following Board changes occurred during the period;

- Fiona Harris retired as a non-executive director for personal reasons on 19 October 2015.
- Tim Netscher was appointed as a non-executive director and Chairman on 1 November 2015. Mr Netscher retired from the Board due to increasing commitments to other ASX listed companies on 1 September 2016.

Macquarie Bank Debt Refinancing

In November 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 placement 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.

Exploration

With its primary focus on the development of the Wiluna uranium project the company has pursued opportunities to rationalise its exploration portfolio through either sale, joint venture or surrender as an effort to contain tenement commitment and holding costs. Over the year 22 exploration tenements were either sold, joint ventured or surrendered.

One non-uranium related transaction was announced in December 2015 when 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.

Wiluna project

Toro continued to progress the development of the Wiluna uranium project with key activities and milestones over the reporting period including:

- A 20% increase in mineral resources for the first deposits scheduled to be mined at Wiluna. Based on data extrapolated from 66 sonic core holes for 495 metres the resource estimate at Centipede/Millipede deposit was increased and now hosts 15.3Mlb U_3O_8 at an average grade of 1,021ppm U_3O_8 at a 500ppm cut-off[1];
- A further 49 sonic core holes for 353 metres was drilled at Lake Maitland resulting in a further upgrade to the resource estimation which now has high grade mineral resources increasing to 16.9Mlbs contained U_3O_8 with an average grade of 929ppm 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 40.4Mlbs contained U_3O_8 with an average grade of 951ppm at a 500ppm cut-off;
- A resource increase was also advised for the Nowthanna deposit after 15 holes for 124 metres were drilled. The Nowthanna resource now stands at 11.9Mlb contained U_3O_8 at a 200ppm cut-off. This increase adds to the Wiluna Project's regional resource base, which now stands at 84.0Mlbs U_3O_8 (200ppm cut-off);
- Based on the significant resource upgrades a re-interpretation of the geology of the 'calcrete hosted' uranium deposits was completed and revealed an opportunity for beneficiation based on two key findings:
  - The Wiluna calcrete hosted uranium deposits are not restricted to and thus hosted by 'calcrete', in fact there is very little 'calcrete' within the areas of economic mineralisation at all; and

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[1] *See Appendix 1 for the JORC 2012 Resource Table and Competent Persons' Statement.*

DIRECTORS' REPORT

  - Where there is little to no calcrete (concretions of carbonate) the uranium mineralisation (the ore mineral Carnotite) is often concentrated to a certain fine grained size fraction which can be isolated by the use of beneficiation techniques.
- Toro undertook initial beneficiation tests on samples from the Lake Maitland deposit. The test results increased by four and a half times the effective grade of the beneficiated concentrate or 9,968ppm (1.00%) compared to the feed grade of the sample of 2,209ppm (0.20%) U_3O_8. Conventional screens and cyclones were used to reject 80% of the total mass whilst maintaining 90% of the total uranium (recovery).
- A further six samples are now being tested from the Centipede, Millipede and Lake Maitland deposits to understand how beneficiation may apply to various types of lithologies from each of these deposits.
- 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 continues to explore opportunities in improved process design, project configuration and operating and capital cost improvements for the project.
- In November 2015 the Company released for public review the 600 page PER (Public Environmental Review) document supported by almost 80 appendices providing details of Toro's technical studies and environmental management plans for the Wiluna Project extension. The 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. The twelve week public review period ended in February 2016 and the Company filed its response to submissions with the Office of the Environment Protection Authority ('EPA') in April 2016. The EPA are finalising their assessment and are expected to submit their report and recommendation to the Environment Minister in September 2016;
- A mining agreement with the Wiluna/Tarlpa Native Title holders was finalised. The agreement provides compensation for effects of the project on native title and cultural heritage as well as covering a range of other important issues including environmental management and protection, liaison between Toro and the Native Title Holders and employment and business development opportunities.

Uranium market

Nuclear power remains one of the most economic and CO_2 efficient option for many countries to increase their energy supply security and to diversify away from carbon-intensive sources.

At the date of this report there were 445 operable nuclear reactors to produce electricity around the world with an additional 61 under construction, 170 planned for construction and 339 proposed for construction (*UXC 2016*). The World Nuclear Performance Report 2016 notes there are more reactors under construction and more reactors that came on line last year than at any time in the past 25 years.

China has 34 operating reactors, an additional 20 reactors under construction and ambitions to double their nuclear generating capacity over the next five years under the country's latest Five-year Plan.

India currently operate 21, mostly small reactors, generating 5.3GWe or two percent of the total electricity production capacity. However the Indian government is targeting an increase to 14.6 GWe by 2024 and 63 GWe by 2032. In line with this expansion India announced the creation of a strategic uranium reserve, to ensure guaranteed fuel supply to its growing reactor fleet, of which six new reactors are already under construction.

Japan remains one of the key drivers in the timing of the uranium market recovery. Since the earthquake and tsunami at Fukushima the country has seen five nuclear reactors approved and restarted and a further 23 reactors progressed through the restart process. The country however still faces headwinds to its nuclear restart process such as Otsu District Court's upholding of an order to shut Kansai Electric Power's two previously approved reactors, Takahama Units 3 and 4. Despite these current headwinds the Institute of Energy Economics in Japan has forecasted seven reactors in operation by March 2017 and a further 12 one year later.

At current uranium prices new uranium mine development is subdued however, the Company continues its belief in the strength of the long term uranium market fundamentals and in its flagship development asset, the Wiluna Uranium Project, coming to market to meet the inevitable growth in uranium demand.

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.

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

DIRECTORS' REPORT

- 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

There have been no significant changes in the state of affairs of the Company during the financial year.

Significant events after the balance date

On 7 July 2016 the Company signed the Traditional Owner Mining Agreement with the Wiluna People. 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.

On 1 September 2016 Mr Tim Netscher retired from the Board due to increasing commitments to other ASX listed companies.

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.

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. The following activities will be progressed over the 2016/17 reporting period:

- Further beneficiation testing using samples from the Centipede, Millipede and Lake Maitland deposits to understand how beneficiation may apply to various types of lithologies from each of these deposit;
- Based on beneficiation and process design results, further analysis of the processing facility at scoping study level and revised project economics;
- The EPA are expected to submit their report and recommendation concerning the environmental approval for the Wiluna project extension to the State Environment Minister in September 2016. Both State and Federal Environment Ministers decisions are expected before the close of the calendar year;
- Assessment of value adding joint venture and merger and acquisition opportunities.

Share options

Unissued Shares

For the period ending 30 June 2016, unissued shares of the Company under option are:

Issue Date	Expiry Date	Exercise Price	Balance at 30 June 2016
01/08/2011	31/07/2016	$0.13	9,300,000
26/08/2011	25/08/2016	$0.13	225,000
17/01/2014	16/01/2017	$0.11	5,750,000
19/11/2015	02/08/2018	$0.08	75,000,000
			90,275,000

Performance Rights

For the period ending 30 June 2016, issued performance rights of the Company are:

Grant Date	Expiry Date	Value on grant Date	Number
28/11/2013	30/09/2016	$0.081	4,167,746
30/09/2015	30/09/2016	$0.052	2,550,619
			6,718,365

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 2016 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 $20,467. 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' REPORT

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	8		4		2	
Number of meetings attended:	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mr John Cahill	8	8	4	4	1	1
Dr Vanessa Guthrie	8	8	-	-	-	-
Mr Richard Patricio	8	8	-	-	-	-
Mr Richard Homsany	8	7	-	-	2	2
Mr Michel Marier	8	8	4	4	-	-
Mr Tim Netscher	4	4	-	-	1	1
Ms Fiona Harris	4	-	-	-	1	-

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

John Cahill	Non-Executive Chair
Michel Marier	Non-Executive Director

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:

Tim Netscher	Non-Executive Chair
Richard Homsany	Non-Executive Director
Fiona Harris	Non-Executive Director (Resigned 19 October 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 2015/16 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 $410,000 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.

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 2015/16 reporting period 3,334,197 rights of 4,167,746 rights available vested according to Dr Guthrie's performance against the Company's relative 2014/15 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 twelve 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 $290,000 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 2015 Annual General Meeting

The Company received 99% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration consultants

To date the Company has not engaged external remuneration consultants to advise the Board on remuneration matters.

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	2016	2015	2014	2013	2012
EPS (cents)	(2.97)	(1.27)	(0.60)	(0.66)	(1.08)
Dividends (cents per share)	-	-	-	-	-
Net loss ($000)	(52,162)	(22,239)	(8,094)	(6,887)	(10,698)
Share price at 30 June ($)	0.045	0.064	0.058	0.074	0.068

Table 1: Directors' remuneration for the year ended 30 June 2016 and 30 June 2015

		Short Term	Short Term	Post Employment (i)	Share-based Payments	Total	
		Salary and Fees	Cash Bonus	Superannuation	Value of options / shares / rights	$	Value of option / rights as % of remuneration
John Cahill	2016	63,470	-	6,030	-	**69,500**	-
	2015	23,853	-	2,266	-	**26,119**	-
Vanessa Guthrie	2016	380,000	-	30,000	234,692	**644,692**	36.4%
	2015	351,043	-	27,358	185,673	**564,074**	32.9%
Richard Patricio	2016	40,366	-	-	-	**40,366**	-
	2015	40,367	-	-	-	**40,367**	-
Richard Homsany	2016	40,366	-	3,835	-	**44,201**	-
	2015	40,367	-	3,835	-	**44,202**	-
Michel Marier	2016	40,367	-	-	-	**40,367**	-
	2015	26,709	-	-	-	**26,709**	-
Tim Netscher	2016	50,667	-	4,813	12,667	**68,147**	18.6%
	2015	-	-	-	-	**-**	-
Fiona Harris (ii)	2016	-	-	-	8,648	**8,648**	100%
	2015	30,606	-	2,035	-	**32,642**	-
Total Remuneration	**2016**	**615,236**	**-**	**44,678**	**256,007**	**915,921**	**-**
	2015	**512,942**	**-**	**35,494**	**185,673**	**734,112**	**-**

(i) Superannuation Guarantee paid at 9.50% throughout the financial period ending 30 June 2016.
(ii) Director who resigned during the period.

Table 2: Remuneration of specified executives for the year ended 30 June 2016 and 30 June 2015

		Short Term	Short Term	Post Employment (i)	Share-based Payments	Total	
		Salary and Fees	Cash Bonus	Superannuation	Value of options / shares / rights	$	Value of option / rights as % of remuneration
Todd Alder	2016	270,692	-	19,308	85,595	**375,595**	22.8%
	2015	240,000	-	22,800	22,820	**285,620**	8.0%

(i) Superannuation Guarantee paid at 9.50% throughout the financial period ending 30 June 2016.

Rights and options issued as part of remuneration

Performance Rights	Number of rights granted during 2016	Grant date	Fair value at grant date $	Expiry date
Executives				
Todd Alder	993,151	30/09/15	0.052	30/09/16

DIRECTORS' REPORT

Share holdings of key management personnel

30 June 2016	Balance at 1 July 2015	Options / Rights Exercised	Net Change Other	Balance at 30 June 2016
Directors				
John Cahill	-	-	-	-
Vanessa Guthrie	4,323,716	3,334,197	884,776	8,542,689
Richard Patricio	-	-	-	-
Richard Homsany	-	-	-	-
Michel Marier	-	-	-	-
Tim Netscher	-	-	132,454	132,454
Fiona Harris	-	-	-	-
	4,323,716	3,334,197	1,017,230	8,675,143
Executives				
Todd Alder	-	393,443	(393,443)	-

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%	100%	2011/12	30/06/2016
	Options	1,250,000	01/07/11	0%	100%	2012/13	30/06/2016
	Rights	4,167,746	28/11/13	80%	20%	2014/15	30/09/2016
	Rights	4,167,746	28/11/13	0%	0%	2015/16	30/09/2016
Executives							
Todd Alder	Options	500,000	04/01/11	0%	100%	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
	Rights	993,151	30/09/15	0%	0%	2016/17	30/09/2016

Option and Performance Rights holdings of key management personnel

30 June 2016	Balance at 1 July 2015	Granted as remuneration	Options/ Rights Exercised	Expired/ Lapsed	Balance at 30 June 2016
Options					
Directors					
John Cahill	-	-	-	-	-
Vanessa Guthrie	2,000,000	-	-	(2,000,000)	-
Richard Patricio	-	-	-	-	-
Richard Homsany	-	-	-	-	-
Michel Marier	-	-	-	-	-
Tim Netscher	-	-	-	-	-
Fiona Harris	-	-	-	-	-
Executives					
Todd Alder	2,500,000	-	-	(500,000)	2,000,000
Rights					
Directors					
Vanessa Guthrie	8,335,492	-	(3,334,197)	(833,549)	4,167,746
Executives					
Todd Alder	393,443	993,151	(393,443)	-	993,151
Total	**13,228,935**	**993,151**	**(3,727,640)**	**(3,333,549)**	**7,160,897**

This concludes the Remuneration Report, which has been audited.

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 2 September 2016 and it has been approved by the Board. The Corporate Governance Statement is available to view on the Company website, together with the corresponding charters and policies, at www.toroenergy.com.au/corporate/corporate-governance.

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 2016 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

2 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

Grant Thornton

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W www.grantthornton.com.au

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 2016, 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, 2 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	2015 $
Other income	3 (a)	**472,487**	496,475
Present value of financial liability	15	**1,729,319**	2,882,198
Write back / impairment of available for sale shares	3 (b)	**226**	(63,822)
Impairment of exploration and evaluation assets	3 (b)	**(48,745,450)**	(1,255,274)
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)	**(1,696,230)**	(1,043,077)
Depreciation expense	3 (b)	**(413,143)**	(680,783)
Finance costs	3 (b)	**(3,150,200)**	(2,905,047)
Other expenses	3 (d)	**(1,062,833)**	(1,502,894)
Loss before income tax expense		**(52,865,824)**	(23,580,495)
Income tax benefit	4	**703,884**	1,340,999
Loss for the year		**(52,161,940)**	(22,239,496)
Other comprehensive loss			
Other comprehensive loss for the year (net of tax)		**-**	-
Total comprehensive loss for the year		**(52,161,940)**	(22,239,496)
Loss attributable to:			
Owners of the Company		**(52,161,940)**	(22,239,496)
		(52,161,940)	(22,239,496)
Total comprehensive loss attributable to:			
Owners of the Company		**(52,161,940)**	(22,239,496)
		(52,161,940)	(22,239,496)
Loss per share		**Cents**	Cents
From continuing operations:			
Basic and diluted earnings per share	5	**(2.97)**	(1.27)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	2015 $
CURRENT ASSETS			
Cash and bank equivalents	6	**10,373,369**	22,886,815
Trade and other receivables	7	**798,507**	898,436
Other current assets	8	**50,146**	201,258
Total current assets		**11,222,022**	23,986,509
NON-CURRENT ASSETS			
Available-for-sale investments	9	**43,251**	41,266
Property, plant and equipment	10	**998,902**	1,448,171
Exploration and evaluation assets	11	**89,443,294**	133,343,049
Total non-current assets		**90,485,447**	134,832,486
Total assets		**101,707,469**	158,818,995
CURRENT LIABILITIES			
Trade and other payables	13	**347,200**	1,106,519
Short-term borrowings	15	**-**	10,956,115
Short-term provisions	14	**197,009**	202,149
Total current liabilities		**544,209**	12,264,783
NON-CURRENT LIABILITIES			
Borrowings	15	**12,017,025**	7,360,018
Long-term provisions	14	**45,024**	39,191
Total non-current liabilities		**12,062,049**	7,399,209
Total liabilities		**12,606,258**	19,663,992
Net assets		**89,101,211**	139,155,003
EQUITY			
Issued Capital	16	**294,060,933**	293,805,133
Reserves	17	**3,074,356**	6,340,655
Accumulated Losses		**(208,034,078)**	(160,990,785)
Equity attributable to owners of the Company		**89,101,211**	139,155,003
Total equity		**89,101,211**	139,155,003

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		CONSOLIDATED			
	Note	Issued capital $	Share reserve $	Accumulated losses $	Attributable to owners of the parent $
Balance at 1 July 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 loss 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		**293,805,133**	**6,340,655**	**(160,990,785)**	**139,155,003**
Loss for the year				(52,161,940)	(52,161,940)
Other comprehensive loss for the year				-	-
Total comprehensive loss for the year				(52,161,940)	(52,161,940)
Short Term Incentive shares issued		51,317	-	-	51,317
Employee Performance Rights issued		187,385	461,780	-	649,165
Options issued to Sentient Group		-	1,395,000	-	1,395,000
Expired Options		-	(5,118,647)	(5,118,647)	-
Director fees paid in shares		17,098	(4,432)	-	12,666
Balance at 30 June 2016	16	**294,060,933**	**3,074,356**	**(208,034,078)**	**89,101,211**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $	2015 $
Cash flows from operating activities			
Payments to suppliers and employees		**(2,644,245)**	(1,928,750)
Interest and other finance costs		**(203,956)**	(1,088,379)
Interest received		**568,381**	313,971
R&D tax concession refund		**774,208**	566,791
Net cash used in operating activities	6	**(1,505,612)**	(2,136,367)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**20,342**	199
Purchase of property, plant and equipment		**(59,293)**	(20,431)
Purchase of financial assets		**-**	(483,363)
Purchase of equity investments		**-**	(39,184)
Proceeds from sale of exploration assets		**55,000**	-
Payments for exploration & evaluation activities		**(4,900,696)**	(6,010,324)
Net cash used in investing activities		**(4,884,647)**	(6,553,103)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	14,903,550
Transaction costs of issue of shares		**-**	(333,082)
Proceeds from borrowings		**6,000,000**	10,000,000
Repayment of borrowings		**(12,000,000)**	-
Transaction costs of borrowings		**(123,187)**	(145,530)
Net cash used/provided by financing activities		**(6,123,187)**	24,424,938
Net (decrease)/increase in cash and cash equivalents		**(12,513,446)**	15,735,468
Cash at the beginning of the financial year		**22,886,815**	7,151,347
Cash at the end of the financial year	6	**10,373,369**	22,886,815

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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 2016 was authorised for issue in accordance with a resolution of the directors on 2 September 2016. 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

The Company / 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 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)

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

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 Company / 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 for the year ending 30 June 2019.

AASB 1057 *Application of Australian Accounting Standards*

In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.

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

When this Standard is first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.

AASB 14 *Regulatory Deferral Accounts*

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

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

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

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 16 *Leases*

The new AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. 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 2020.

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.

AASB 2016-1 ***Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses***

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

The effective date is for annual reporting periods beginning on or after 1 January 2017.

When these amendments are first adopted for the year ending 30 June 2018, 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 2016. 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.

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.

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.

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.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised as a tax benefit at the time that the claim is lodged with the Australia Tax Office.

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.

The useful life of the assets is as follows:

Buildings 20 years
Plant and equipment 2.5 - 20 years
Motor vehicles 8 - 20 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.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 pre-tax 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

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.

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 – 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 21.

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 and $6M interest free loan(refer to Note 15), the impairment of the Strateco loan and convertible note (refer note 7), and impairment of available for sale financial assets.

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-16				
Segment Revenue	472,487	-	1,729,319	2,201,806
Segment Impairment Expense	(36,656,385)	(12,089,065)	226	(48,745,224)
Segment Depreciation Expense	(399,441)	(13,702)	-	(413,143)
Segment Result before tax	(42,463,032)	(12,132,337)	1,729,545	(52,865,824)
Income Tax Benefit	703,884	-	-	703,884
Segment loss for the period	(41,759,148)	(12,132,337)	1,729,545	(52,161,940)
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)

The revenue reported above represents revenue generated from interest received and gain on sale of tenements.

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-16	99,938,470	1,725,748	43,251	101,707,469
30-Jun-15	145,247,835	13,529,894	41,266	158,818,995

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 2016 (refer to Note 9).

3 Revenue and expenses

		CONSOLIDATED	
		2016	**2015 $**
(a)	**Other income**		
	Bank interest received or receivable	**417,269**	496,276
	Net gain on disposal of equipment	**218**	199
	Net gain on disposal of tenements	**55,000**	-
		472,487	496,475
(b)	**Expenses**		
	Impairment of assets		
	Impairment of exploration expenditure	**48,745,450**	1,337,236
	Reversal of previously booked impairments	**-**	(81,962)
	Impairment of available for sale shares	**(226)**	63,822
	Provision for impairment Convertible Note	**-**	18,541,682
	Provision for impairment AFS financial assets	**-**	966,589
	Total impairment of non-current assets	**48,745,224**	20,827,367
	Includes the surrender of 48 tenements (2015: 25 tenements)		
	Depreciation of non-current assets		
	Leasehold Property	**287,026**	515,537
	Building	**10,372**	11,394
	Plant and equipment	**99,067**	131,045
	Motor vehicles	**16,678**	22,807
	Total depreciation	**413,143**	680,783
	Finance expenses		
	Interest expense – Macquarie Debt Facility	**201,803**	893,135
	Amortisation of Macquarie Facility Borrowing Costs	**1,043,885**	1,565,828
	Amortisation of Unitisation Deed Borrowing Costs	**38,032**	19,016
	Unwinding of Unitisation Deed Present Value discount	**905,385**	427,068
	Amortisation of Sentient Loan Borrowing Costs	**65,070**	-
	Unwinding of Sentient Loan Present Value discount	**469,775**	-
	Amortisation of Sentient Loan Option Costs	**426,250**	-
	Total borrowing costs	**3,150,200**	2,905,047

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

3 Revenue and expenses (continued)

		CONSOLIDATED	
		2016 $	**2015 $**
(c)	**Employees benefits expense**		
	Wages, salaries, directors fees and other remuneration expenses	**1,963,509**	1,882,698
	Superannuation costs	**169,940**	175,334
	Payroll Tax	**116,747**	77,747
	Redundancies	**112,750**	11,908
	Transfer to annual leave provision	**141,697**	143,394
	Transfer to long service leave provision	**13,131**	27,330
	Share-based payments expense	**649,164**	346,847
	Transfer to capitalised tenements	**(1,470,708)**	(1,622,180)
		1,696,230	1,043,077
(d)	**Other expenses**		
	Promotion and advertising	**52,999**	73,004
	Recruitment expenses	**5,521**	-
	Travelling expenses	**69,707**	169,649
	Securities exchange and share registry fees	**122,001**	144,180
	Audit fees	**64,972**	50,566
	Accounting and secretarial support	**53,493**	153,700
	Conference expenses	**25,072**	34,038
	Insurance costs	**18,079**	96,603
	Consulting fees	**267,478**	315,753
	Legal fees	**43,695**	119,523
	Subscriptions	**22,950**	18,051
	Rent and utility expenses	**71,016**	52,433
	AGM, EGM and annual report expenses	**64,812**	84,377
	Net loss on disposal of property, plant and equipment	**75,294**	-
	Other expenses	**105,744**	191,017
		1,062,833	1,502,894

4 Income tax

The major components of income tax expense are:

	CONSOLIDATED	
	2016 $	**2015 $**
Current income tax		
Current income tax benefit – R&D Claim	**(703,884)**	(1,340,999)
Income tax benefit	**(703,884)**	(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	**(52,865,824)**	(23,580,495)
At the Group's statutory income tax rate of 30% (2015: 30%)	**(15,859,747)**	(7,074,149)
Expenditure not allowable for income tax purposes	**67,533**	160,262
Impairment of assets	**14,623,567**	6,248,210
Share based payments	**618,743**	524,804
Other deductible items	**(83,714)**	(102,430)
Capital gain on sale of royalty stream	**-**	2,974,679
Tax losses utilised not previously recognised	**-**	(372,093)
Tax losses not recognised due to not meeting recognition criteria	**2,158,951**	-
Immediate write off of capital expenditure	**(1,453,709)**	(1,592,792)
Other temporary differences not recognised	**(71,624)**	(766,491)
Research and development tax offset	**(703,884)**	(1,340,999)
Total income tax benefit	**(703,884)**	(1,340,999)

The Group has tax losses arising in Australia of $147,158,640 (2015: $140,018,446) that are available indefinitely (subject to certain conditions) for offset against future taxable profits of the companies in which the losses arose.

Opening Tax Losses at 1 July	**140,018,446**	141,258,756
Tax losses used during the year	**-**	(1,240,310)
Current year tax loss	**7,196,505**	-
Closing Tax Losses at 30 June	**147,214,951**	140,018,446

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	**44,164,485**	42,005,534
- Unrecognised deferred tax asset – temporary differences	**(71,624)**	(766,491)
	44,092,861	41,239,043
Unrecognised Deferred Tax Liabilities	**(26,832,988)**	(40,002,915)
Net unrecognised DTA / (DTL)	**17,259,873**	1,236,128

Tax consolidation

Toro Energy Limited and its 100% owned Australian resident controlled entities are part of a tax consolidated group.

5 Loss per share

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

	CONSOLIDATED	
	2016	**2015**
Net loss attributable to ordinary equity holders of the Company	**($52,161,940)**	**($22,239,496)**
Weighted average number of ordinary shares for basic earnings per share	**1,756,804,697**	**1,747,714,237**
Loss per share	**(2.97c)**	**(1.27c)**

6 Cash and cash equivalents

	CONSOLIDATED	
	2016 $	**2015 $**
Cash at bank and in hand	**1,473,369**	3,386,815
Short-term deposits	**8,900,000**	19,500,000
	10,373,369	22,886,815

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.

6 Cash and cash equivalents (continued)

	CONSOLIDATED	
	2016 $	**2015 $**
Reconciliation of net loss after tax to net cash flows from operations		
Net loss	**(52,161,940)**	(22,239,496)
Adjustments for non-cash items:		
Depreciation	**413,143**	680,783
Amortisation of Macquarie Facility Borrowing Costs	**1,043,885**	1,565,828
Amortisation of Unitisation Deed Borrowing Costs	**38,032**	19,016
Unwinding of Unitisation Deed PV discount	**905,385**	427,068
Amortisation of Sentient Loan Borrowing Costs	**65,070**	-
Unwinding of Sentient Loan Present Value discount	**469,775**	-
Amortisation of Sentient Loan Option Costs	**426,250**	-
Impairment of non-current assets	**48,745,224**	20,827,367
Present value of financial liability	**(1,729,319)**	(2,882,198)
Net (profit)/loss on disposal of property, plant and equipment	**75,076**	(199)
Exploration activities expensed	**-**	(3,108)
Share based payments	**713,377**	356,029
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	**97,944**	(732,220)
(Increase)/Decrease in accrued income	**151,112**	(182,305)
(Increase)/Decrease in prepayments	**-**	8,512
Increase/(Decrease) in trade and other payables	**(759,319)**	(63,907)
Increase/(Decrease) in employee provisions	**693**	82,464
Net cash outflow from operating activities	**(1,505,612)**	(2,136,367)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

7 Trade and other receivables

	CONSOLIDATED	
	2016 $	**2015 $**
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)
Trade receivables	**7,700**	-
Sundry receivables	**703,884**	778,992
Goods and services tax receivable	**86,923**	119,444
	798,507	898,436

Senior Secured Loan - Strateco

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 has been recorded at its fair value plus acquisition costs.

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.

Concerning both the senior secured loan and the convertible note Strateco applied and received a stay of proceedings concerning debt recovery actions whilst it pursues litigation against the Quebec Government for CAD$200M. The litigation is scheduled to come to trial over a 25 day period from January 2017.

Trade Receivables

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. As at 30 June 2016 the Company did not have any trade receivables which were outside normal trading terms (past due but not impaired).

Sundry Receivables

Sundry receivables are non-interest bearing and generally have 30-90 day payment terms. For 30 June 2016 sundry receivables includes an accrual for Research & Development tax offset of $703,884 (2015: $774,208).

Information regarding the credit risk of current receivables is set out in Note 21.

8 Other current assets

	CONSOLIDATED	
	2016 $	**2015 $**
Accrued interest income	**50,146**	201,258

9 Available for sale investments

	CONSOLIDATED	
	2016 $	**2015 $**
Investment in Azarga Metals Corp	**43,251**	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 was fully impaired in the 30 June 2015 financial year.

Strateco was declared insolvent in June 2015 and as such the Company's interest in Strateco shares valued at $966,589 was fully impaired in the 30 June 2015 financial year.

On 31 May 2016 European Uranium Resources changed its name to Azarga Metals Corp and shares in European Uranium Resources were consolidated on a 10 old for 1 new basis. Toro Energy had a shareholding of 2,041,082 at 31 May and this has now changed to 204,108 shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

10 Property plant and equipment

	CONSOLIDATED				
	Plant and equipment $	Motor Vehicles $	Leasehold Property $	Buildings $	Total $
30 JUNE 2016					
At Cost					
1 July – opening	2,149,344	321,523	2,290,830	200,000	4,961,697
Additions	59,293	-	-	-	59,293
Disposals	(904,839)	(21,009)	-	-	(925,848)
30 June – closing	1,303,798	300,514	2,290,830	200,000	4,095,142
Accumulated Depreciation					
1 July – opening	(1,415,125)	(206,623)	(1,832,719)	(59,058)	(3,513,525)
Disposals	818,930	11,498	-	-	830,428
Depreciation expense	(99,067)	(16,678)	(287,026)	(10,372)	(413,143)
30 June – closing	(695,262)	(211,803)	(2,119,745)	(69,430)	(3,096,240)
Property Plant and Equipment					
At Cost	1,303,798	300,514	2,290,830	200,000	4,095,142
Accumulated depreciation	(695,262)	(211,803)	(2,119,745)	(69,430)	(3,096,240)
Net carrying amount	608,536	88,711	171,085	130,570	998,902
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 and 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

11 Exploration and evaluation assets

	CONSOLIDATED	
	2016 $	**2015 $**
Balance at beginning of financial year	**133,343,049**	128,066,669
Impairment of exploration expenditure [i]	**(48,745,450)**	(1,337,236)
Reversal of previously booked impairments	**-**	81,962
Sale of tenements during the year	**(55,000)**	-
Other expenditure during the year	**4,900,695**	6,531,654
	89,443,294	133,343,049

[i] Impairment as a result of surrendered or to be 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. In light of the current uranium market conditions the Company has targeted a reduction in its annual land holding costs by maintaining only those tenements and other licenses key to the Wiluna project or having upside resource potential. As such a number of non-core tenements and licenses have been surrendered impacting the size of the impairment charge to this financial years accounts.

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).

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.

	2016 No.	2016 WAEP	2015 No.	2015 WAEP
Outstanding at the beginning of the year	129,813,051	0.28	133,933,051	0.28
Granted during the year	75,000,000	0.08	-	-
Lapsed / expired during the year	(114,538,051)	(0.13)	(4,120,000)	0.22
Outstanding at the end of the year	90,275,000	0.09	129,813,051	0.28
Exercisable at the end of the year	90,275,000	0.09	129,813,051	0.28

The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 is 1.78 years (2015: 0.74 years).

The range of exercise prices for options outstanding at the end of the year was $0.08 – $0.13 (2015: $0.08 – $0.30). During the year 75,000,000 options were issued to Sentient with an exercise price of $0.08. The weighted average fair value of options granted during year ending 30 June 2016 was $0.08 (2015: Nil).

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 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;
- 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.

12 Share-based payments (continued)

Management Performance Rights Plan (MPRP) (continued)

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 2016 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	01/07/2016	30/09/2016	0.081	50%	168,793.71	2015/2016
2,550,619	30/09/2015	30/09/2016	30/06/2016	0.052	-	132,632.19	2015/2016
6,718,365							

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.

13 Trade and other payables

	CONSOLIDATED	
	2016 $	**2015 $**
Trade payables (i)	**143,012**	533,485
Other payables (ii)	**55,121**	74,874
Accrued expenses	**149,067**	496,007
Interest payable (iii)	**-**	2,153
	347,200	1,106,519

(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	
	2016 **$**	**2015** **$**
Short-term provisions		
Annual leave provision:		
Opening Balance	**168,043**	112,909
Movement during year	**(7,233)**	55,134
Closing Balance 30 June	**160,810**	168,043
Long Service Leave:		
Opening Balance	**34,106**	-
Transfer from Long-term provision	**2,093**	34,106
Closing Balance 30 June	**36,199**	34,106
Long-term provisions		
Long Service Leave:		
Opening Balance	**39,191**	45,967
Transfer to Short-term provision	**(2,093)**	(34,106)
Movement during year	**7,926**	27,330
Closing Balance 30 June	**45,024**	39,191

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

15 Borrowings

			CONSOLIDATED 2016 $	2015 $
	Interest Rate	Maturity		
BORROWINGS				
Current				
Other loans:				
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				
Other loans:				
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			**1,332,453**	427,068
Less: Transaction costs			**(114,096)**	(114,096)
Add: Amortised transaction costs			**57,048**	19,016
			8,393,207	7,449,790
A$6m Sentient Group Loan (refer Note 24)		2-Aug-18	**6,000,000**	-
Less: Present value discount of Sentient Group Loan			**(1,729,319)**	-
Add: Unwinding of present value discount			**469,775**	-
Less: Transaction costs			**(1,607,958)**	(89,772)
Add: Amortised transaction costs			**491,320**	-
			3,623,818	(89,772)
Total Borrowings			**12,017,025**	7,360,018

15 Borrowings (continued)

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 $1,332,453 represents the unwinding of the present value discount up to 30 June 2016.

Sentient Group Loan

In November 2015 the Company repaid $6M of Macquarie Bank's $12M Debt Facility and refinanced the remaining $6M with a 3 year interest free loan from Sentient. The Company issued of 75M options to Sentient with an exercise price of $0.08 per share expiring at maturity of the loan.

At 30 June 2016 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 $469,775 represents the unwinding of the present value discount up to 30 June 2016.

16 Issued capital

	CONSOLIDATED	
	2016 $	**2015 $**
Ordinary Shares	**294,060,933**	293,805,133

	Number*	**$**
Ordinary shares		
Balance at beginning of financial year	**1,091,815,870**	293,805,133
Long and Short Term Incentive shares issued	**10,948,502**	238,702
Director shares issued in lieu of wages	**264,075**	17,098
Costs of capital raising	**-**	-
Balance at end of year	**1,103,028,447**	294,060,933

16 Issued capital (continued)

	LEGAL PARENT ENTITY 2016	
	Number*	**$**
Ordinary shares		
Balance at beginning of financial year	**1,994,142,136**	433,585,309
Long and Short Term Incentive shares issued	**10,948,502**	238,702
Director shares issued in lieu of wages	**264,075**	17,098
Costs of capital raising	**-**	-
Balance at end of year	**2,005,354,713**	433,841,109

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 2016.

17 Reserves

	CONSOLIDATED	
	2016 $	**2015 $**
Share Reserve		
Opening Balance	**6,340,655**	6,471,040
Options issued	**1,395,000**	-
Options cancelled / expired	**(5,118,647)**	(440,016)
Performance rights issued	**461,780**	346,847
Shares issued STI [(1)]	**-**	(46,398)
Provision – Directors fees to be paid in shares	**(4,432)**	9,182
Closing Balance	**3,074,356**	6,340,655

[(1)] Adjustment of 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	
	2016	**2015**
	$	**$**
Operating leases		
Not longer than 1 year	**112,654**	238,776
Longer than 1 year and not longer than 5 years	**11,886**	105,301
	124,540	344,077

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 optional renewal term until 31 January 2019.

Exploration leases

As at 30 June 2016 the Group held Exploration Licences over 52 tenements. The rental, rates and statutory expenditure commitments required for these tenements are $3,688,405 within 1 year and $8,446,002 between 2 and 5 years.

The Group has various bank guarantees totalling $57,328 at 30 June 2016 which act as collateral over tenements which the Group operates.

19 Auditors remuneration

	CONSOLIDATED	
	2016	**2015**
	$	**$**
Audit and review of the financial report	**64,972**	50,566

20 Controlled entities

		Ownership interest	
		2016 %	2015 %
Parent entity			
Toro Energy Ltd (i)	Australia		
Subsidiaries			
Toro Energy Exploration 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

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 2016										
Financial Assets										
Cash and cash equivalents	6	-	-	-	10,373	10,373	-	-	-	-
Trade and other receivables	7	-	-	-	799	799	-	-	-	-
Other current assets	8	-	-	-	50	50	-	-	-	-
		-	-	-	11,222	11,222				

	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 2016									
Financial Liabilities									
Trade & other payables	13	-	-	(347)	(347)	-	-	-	-
Borrowings	15	-	-	(12,017)	(12,017)	-	(12,017)	-	(12,017)
		-	-	(12,364)	(12,364)				

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 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				

		CARRYING AMOUNT				FAIR VALUE			
	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 & other payables	13	-	-	(1,107)	(1,107)	-	-	-	-
Borrowings	15	-	-	(7,360)	(7,360)	-	(7,360)	-	(7,360)
		-	-	(8,467)	(8,467)				

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, 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	
	2016 $	**2015 $**
Financial assets		
Cash and cash equivalents	**10,373,369**	22,886,815
Trade and other receivables	**798,507**	898,436
Financial Liabilities		
Trade and other payables	**347,200**	1,106,519
Obligations under hire purchase	**-**	-
Borrowings	**16,000,000**	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 loss would increase or decrease by $83,150 (2015: $75,095) which is attributable to the Group's exposure to interest rates on its variable bank deposits.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves 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 2016				
FINANCIAL LIABILITIES				
Fixed rate	-	-	12,215,158	12,215,158
Weighted average effective interest rate	**-**	-		
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%**	-		

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 2016				
FINANCIAL ASSETS				
Fixed rate	8,900,000	-	798,507	9,698,507
Weighted average effective interest rate	**3.00%**			
Floating rate				
Cash assets	1,271,529	-	201,840	1,473,369
Weighted average effective interest rate	**1.45%**			
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%**			

22 Related party disclosure and key management personnel remuneration

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

a) Liquidity and interest risk tables

Loans

At 30 June 2016 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	
	2016 $	**2015 $**
Financial position		
Current assets	11,222,014	23,986,499
Non-current assets	90,408,426	134,830,502
Total assets	**101,630,440**	**158,817,001**
Current liabilities	544,209	12,264,782
Non-current liabilities	12,062,049	7,399,209
Total liabilities	**12,606,258**	**19,663,991**
Shareholders' equity		
Issued capital	433,841,106	433,585,309
Share Option Reserve	3,069,606	6,125,463
Performance Rights Reserve	4,750	168,794
Share Reverse – STI	-	46,398
Accumulated losses	(347,891,280)	(300,772,954)
Total equity	**89,024,182**	**139,153,010**
Financial performance		
Loss for the year	**(52,236,974)**	**(22,241,489)**
Other comprehensive income/(loss)	**-**	**-**
Total comprehensive loss	**(52,236,974)**	**(22,241,489)**

* Included in the loss for the current year is an impairment expense of $29,857,153 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.

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 2016 the legal Parent Entity, Toro Energy Limited held exploration Licenses over 7 tenements. The rental rates and statutory expenditure commitments required for these tenements are $67,594 within one year and $17,898 between two and five years.

Commitments of the parent entity

	PARENT	
	2016 $	**2015 $**
Operating leases		
Not longer than 1 year	**112,654**	238,776
Longer than 1 year and not longer than 5 years	**11,886**	105,301
	124,540	344,077

24 Events after the balance sheet date

On 7 July 2016 the Company signed the Traditional Owner Mining Agreement with the Wiluna People. 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.

On 1 September 2016 Mr Tim Netscher retired from the Board due to increasing commitments to other ASX listed companies.

Other than the above, 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.

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 2016 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 2016.

On behalf of the Board

Dr Vanessa Guthrie

Managing Director

Signed this 2nd day of September 2016

INDEPENDENT AUDITOR'S REPORT

GrantThornton

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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 2016, 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

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 2016 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 9 to 13 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

INDEPENDENT AUDITOR'S REPORT

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 2016, 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, 2 September 2016

APPENDIX 1

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

Wiluna Uranium Project Resources Table (JORC 2012) (1)(2)		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Centipede / Millipede	Ore Mts	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	986	553	1,021
	U_3O_8 Mlbs	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mts	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U_3O_8 Mlbs	-	-	26.4	16.9	-	-	26.4	16.9
Lake Way	Ore Mts	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U_3O_8 Mlbs	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mts	4.9	1.9	44.3	16.9	2.7	0.4	52.0	19.2
	Grade ppm	579	972	555	948	382	986	548	951
	U_3O_8 Mlbs	6.2	4.2	54.2	35.3	2.3	0.9	62.7	40.4
Dawson Hinkler	Ore Mts	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U_3O_8 Mlbs	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mts	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	794
	U_3O_8 Mlbs	-	-	-	-	11.9	4.6	11.9	4.6
Total	**Ore Mts**	**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 Mlbs	**6.2**	**4.2**	**60.4**	**36.4**	**17.4**	**5.5**	**84.0**	**46.4**

(1) Refer to Competent Persons' Statement below and the JORC Table 1 presented in ASX release of 2 February 2016 for details on how these resources are estimated.

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

Competent / Qualified Persons' Statement

Wiluna Project Mineral Resources – 2012 JORC code compliant resource estimates – Centipede, Millipede, Lake Maitland, Lake Way, 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) and 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.

APPENDIX 2

Material changes to resources from 2015 to 2016

Wiluna Uranium Project																
		Measured			Indicated			Total Measured and Indicated			Inferred			Total		
				Metal			Metal			Metal			Metal			Metal
Deposit	JORC	Ore	Grade	Mlbs	Ore	Grade	Mlbs	Ore	Grade	Mlbs	Ore	Grade	Mlbs	Ore	Grade	Mlbs
	code	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8
June 2015 - The Wiluna Uranium Project (200ppm U_3O_8 cut-off)																
Centipede	2012	2.9	551	3.5	7.5	572	9.5	10.4	566.0	13.0	-	-	-	10.4	566	13.0
Millipede	2012	-	-	-	4.5	530	5.3	4.5	530	5.3	1.9	382	1.6	6.4	486	6.9
Lake Way	2012	-	-	-	10.3	545	12.3	10.3	545	12.3	-	-	-	10.3	545	12.3
Lake Maitland	2012	-	-	-	19.9	555	24.3	19.9	555	24.3	-	-	-	19.9	555	24.3
Sub-total		**2.9**	**551**	**3.5**	**42.2**	**553**	**51.4**	**45.1**	**553**	**55.0**	**1.9**	**382**	**1.6**	**47.0**	**546**	**56.6**
Dawson Hinkler	2012	-	-	-	8.4	336	6.2	8.4	336	6.2	5.2	282	3.2	13.6	315	9.4
Nowthanna	2012	-	-	-	-	-	-	-	-	-	11.9	399	10.5	11.9	399	10.5
Total Regional Resource		**2.9**	**551**	**3.5**	**50.6**	**517**	**57.7**	**53.5**	**519**	**61.2**	**19.0**	**365**	**15.3**	**72.5**	**479**	**76.5**
Centipede - Millipede*	**2012**	**2.9**	**551**	**3.5**	**12.0**	**556**	**14.8**	**14.9**	**555.0**	**18.3**	**1.9**	**382**	**1.6**	**16.8**	**535**	**19.9**
June 2016 - The Wiluna Uranium Project (200ppm U_3O_8 cut-off)																
Centipede - Millipede	2012	4.9	579	6.2	12.1	582	15.5	16.9	581.0	21.7	2.7	382	2.3	19.7	553	24.0
Lake Way	2012	-	-	-	10.3	545	12.3	10.3	545	12.3	-	-	-	10.3	545	12.3
Lake Maitland	2012	-	-	-	22.0	545	26.4	22.0	545	26.4	-	-	-	22.0	545	26.4
Sub-total		**4.9**	**579**	**6.2**	**44.3**	**555**	**54.2**	**49.2**	**557**	**60.5**	**2.7**	**382**	**2.3**	**52.0**	**548**	**62.7**
Dawson Hinkler	2012	-	-	-	8.4	336	6.2	8.4	336	6.2	5.2	282	3.2	13.6	315	9.4
Nowthanna	2012	-	-	-	-	-	-	-	-	-	13.5	399	11.9	13.5	399	11.9
Total Regional Resource		**4.9**	**579**	**6.2**	**52.7**	**520**	**60.4**	**57.6**	**525**	**66.7**	**21.4**	**368**	**17.4**	**79.0**	**482**	**84.0**
Material Change between June 2015 and June 2016																
Centipede - Millipede	2012	2.0	28	2.7	0.1	26	0.7	2.0	26.0	3.4	0.8	0	0.7	2.9	18.0	4.1
Lake Way	2012	-	-	-	0.0	0	0.0	0.0	0	0.0	-	-	-	0.0	0.0	0.0
Lake Maitland	2012	-	-	-	2.1	-10	2.1	2.1	-10	2.1	-	-	-	2.1	-10	2.1
Sub-total		**2.0**	**28**	**2.7**	**2.2**	**16**	**2.8**	**4.1**	**16**	**5.5**	**0.8**	**0.0**	**0.7**	**5.0**	**8**	**6.2**
Dawson Hinkler	2012	-	-	-	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0	0.0
Nowthanna	2012	-	-	-	-	-	-	-	-	-	1.6	0	1.4	1.6	0	1.4
Total Regional Resource		**2.0**	**28**	**2.7**	**2.2**	**16**	**2.8**	**4.1**	**16**	**5.5**	**2.4**	**0.0**	**2.1**	**6.6**	**8**	**7.6**

The overall reginal resource (metal) increased by 7.6Mlbs or 10% between 2015 and 2016, this was controlled by two conditions:

1) additional drilling and the development of a gamma factor which was applied to the Centipede/Millipede and Lake Maitland deposits, and
2) the increase in average density to the Nowthanna deposit.

Both conditions were realised after Sonic drilling of 130 holes across Centipede/Millipede and Lake Maitland was completed in mid-2015. There was a significant increase in the total metal at Centipede/Millipede of 20% above previously reported figures. Lake Maitland saw an 8% increase in metal however accompanied by a minor decrease (2%) in grade. At Nowthanna, the use of a Dual Density Probe has allowed for the application of an average density of 1.7g/cm3 to the resource, this has consequently increased the resource tonnage and contained metal by 13%, no changes were made to grade. There was a significant increase (77%) in metal at the Measured category, this was due to an increase in geochemical sampling at Centipede.

***Special Note:** In 2015 Centipede and Millipede were reported separately. In 2016, the two deposits have been reported as one to better reflect their proximity and shared geological and depositional setting. Material Change has been calculated using a 2015 combined total of Centipede and Millipede as shown below the Total Regional Resource.*

APPENDIX 3

June 30 2016 Theseus Prospect (200ppm U_3O_8 cut-off)																
		Measured			Indicated			Total Measured and Indicated			Inferred			Total		
				Metal			Metal			Metal			Metal			Metal
Deposit	JORC	Ore	Grade	Mlbs	Ore	Grade	Mlbs	Ore	Grade	Mlbs	Ore	Grade	Mlbs	Ore	Grade	Mlbs
	code	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8	Mt	ppm	U_3O_8
Theseus	2004	-	-	-	-	-	-	-	-	-	6.3	493	6.9	6.3	493	6.9

There was no material changes at Theseus.

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

Governance and internal controls relevant to the integrity of Toro Energy's resource estimations on the Wiluna Project's uranium resources can be found in the competent/qualified persons' statements of Appendix 1 and in the latest JORC Table 1 submitted with the ASX announcement of 2 February 2016.

Competent / Qualified Persons' Statement

Theseus Project – 2004 JORC code compliant resource estimate

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

CURRENT TENEMENT STATUS

Tenement	Area km^2	Holder
WILUNA PROJECT (WA)		
E37/1146	43.4	Redport Exploration
E51/1072	12.9	Nova Energy Pty Ltd
E51/1075	4.9	Nova Energy Pty Ltd
E53/1060	5.4	Redport Exploration
E53/1136	49.0	Nova Energy Pty Ltd
E53/1210	43.2	Toro Exploration Pty Ltd
E53/1211	40.5	Redport Exploration
E53/1593	3.1	Toro Energy Ltd
E53/1858	12.4	Toro Exploration Pty Ltd
E53/1909	18.6	Toro Exploration Pty Ltd
G53/21	0.1	Nova Energy Pty Ltd
G53/22	0.1	Nova Energy Pty Ltd
G53/23	13.2	Nova Energy Pty Ltd
L53/0175	48.7	Nova Energy Pty Ltd
L53/0152	600.0	Redport Exploration
L53/0167	2.8	Redport Exploration
L53/182	0.5	Nova Energy Pty Ltd
L53/183	0.4	Nova Energy Pty Ltd
L53/184	1.4	Nova Energy Pty Ltd
M53/336	5.7	Nova Energy Pty Ltd
M53/0113	4.9	Nova Energy Pty Ltd
M53/0224	8.7	Nova Energy Pty Ltd
M53/1090	23.3	Nova Energy Pty Ltd
M53/1092	27.8	Nova Energy Pty Ltd
M53/1089	73.3	Redport Exploration
M53/1095	6.1	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
P53/1396	1.92	Nova Energy Pty Ltd
P53/1397	1.44	Nova Energy Pty Ltd
	1059.07	

Tenement	Area km^2	Holder
LAKE MACKAY THESEUS (NT)		
E80/3484	38.1	Nova Energy Pty Ltd
E80/3485	38.7	Nova Energy Pty Ltd
	76.8	

***Note**: A number of tenements are currently in the process of being relinquished and are therefore not reported here.*

ASX ADDITIONAL INFORMATION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

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 29 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

2,005,520,818 fully paid ordinary shares are held by 10,024 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

80,750,000 unlisted options are held by 10 individual option holders.

Performance Rights

6,718,365 unlisted performance rights are held by 4 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	970	-	-
1,001 – 5,000	1,555	-	-
5,001 – 10,000	1,804	-	-
10,001 – 100,000	4,456	-	-
100,001 and over	1,239	10	4
	10,024	**10**	**4**

Holding less than a marketable parcel – 4,483

Substantial shareholders

Ordinary Shareholders

	Fully Paid	
	Number	**Percentage**
OZ Minerals Ltd	422,759,378	21.08
Mega Uranium Ltd	405,095,387	20.20
The Sentient Group	364,302,720	18.16

Twenty largest holders of quoted equity securities

	Ordinary Fully Paid Shares	
	Units	**% of Issued Capital**
Citicorp Nominees Pty Limited [(1)]	433,047,852	21.59
Oz Minerals Limited	422,759,378	21.08
National Nominees Limited [(2)]	365,524,105	18.23
HSBC Custody Nominees (Australia) Limited	94,486,377	4.71
J P Morgan Nominees Australia Limited	27,461,508	1.37
Allarrow Pty Ltd	8,403,773	0.42
Mr Terence Edwin McMahon	6,878,678	0.34
RHB Securities Singapore Pte Ltd <Clients A/C>	6,670,000	0.33
Mr William Thomas John	6,551,000	0.33
Mrs Marguerite Irene Moyes	6,440,313	0.32
Chondrite Investments Pty Ltd <Stolz-Guthrie Family A/C>	6,277,037	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 Benjamin James Gray	4,007,890	0.20
Mr Iain Robert McEwin + Ms Dianne Church <Through2 Super Fund A/C>	3,500,000	0.17
Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	3,496,444	0.17
Arredo Pty Ltd	3,407,394	0.17
Citic Resources Australia Pty Ltd	3,386,025	0.17
Tindindi Cellars Pty Ltd	3,325,000	0.17
Romsup Pty Ltd <Romadak Super Fund A/C>	2,993,457	0.15
Total Top 20 Holders of ORD	**1,419,237,989**	**70.77**
Total Remaining Holders Balance	**586,282,829**	**29.23**

[(1)]Comprises Mega Uranium Holding of 405,095,387 shares
[(2)]Comprises The Sentient Group holding of 364,302,720 shares

NOTES:

NOTES:

Wiluna is set to become Australia's next uranium mine. Toro's flagship project is one of only a handful of new projects worldwide capable of bringing new uranium production to the growing global nuclear market.

WILUNA FACTS AND FIGURES

RESOURCES	79Mt @ 482ppm for 84Mlb U_3O_8 (200ppm cut-off), including: 23Mt @ 916ppm for 46.4Mlb U_3O_8 (500ppm cut-off)
DEPOSITS	Centipede, Millipede, Lake Maitland, Lake Way, Dawson Hinkler, Nowthanna
PERMITS	Centipede and Lake Way approved for mining and processing facility and infrastructure at Centipede Mining of Millipede and Lake Maitland deposits recommended by EPA to state Minister for approval
MINE LIFE	16 years from Centipede, Millipede, Lake Maitland and Lake Way
MINING	Open pit, to a depth of 10 metres
PLANT CAPACITY	1.3Mtpa
PROCESSING METHOD	Alkaline leach
AVERAGE HEAD GRADE	800ppm+
RECOVERY	86%
PRODUCTION	30.1Mlb U_3O_8 from first four deposits
TRANSPORT	Uranium concentrate road transport to Port Adelaide for shipment

ABOUT TORO ENERGY

Toro Energy Limited is an Australian uranium company with a highly prospective project development and exploration portfolio.

Toro's vision is to be the leading mid-tier global uranium company by maximising shareholder returns through responsible mine development, asset growth and exploration.

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CLEAN ENERGY FOR A GROWING WORLD