

Toro Energy Limited

ABN 48 117 127 590

Half Year Report

for the half year ended 31 December 2013

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Directors' Report

The directors of Toro Energy Limited (Toro) submit their report for the half-year ended 31 December 2013.

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

Directors

Ms Erica Smyth	Non Exec Chair	
Dr Vanessa Guthrie	Managing Director	
Mr Greg Hall	Non Exec Director	
Mr Peter Lester	Non Exec Director	
Mr Andrew Coles	Non Exec Director	
Mr Richard Patricio	Non Exec Director	(Appointed 1 December 2013)
Mr Richard Homsany	Non Exec Director	(Appointed 1 December 2013)

Company Secretary

Donald Stephens (Retired 28 November 2013)

Todd Alder

REVIEW OF OPERATIONS

Key Events

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

- the acquisition of the Lake Maitland Uranium Project;
- Wiluna resource and mine schedule improvements on the back of the Lake Maitland acquisition and the 2013 drilling campaign at Centipede, Millipede, Lake Way and Dawson Hinkler;
- Traditional Owner negotiations progress and environmental assessment process for Millipede and Lake Maitland initiated;
- consolidation of key exploration ground;
- capital raising agreements for \$12m completed during the period;
- new cornerstone shareholder and directors joined the company.

Acquisition of the Lake Maitland Uranium Project

The acquisition of Lake Maitland was completed on 19th November 2013 and included the purchase of exploration and mining tenements, property, plant and equipment, including the Barwidgee pastoral lease and \$1.5m in cash for the issue of 415m Toro shares to TSX-listed Mega Uranium Limited.

The proximities and similarities of the Lake Maitland deposits with the Lake Way, Centipede and Millipede deposits provide the Wiluna project with:

- a significantly larger combined resource base;
- improvements in mining head grade;
- improvements to headline project economics; and

- a pre-existing strategic partner relationship with the Lake Maitland partners - JAURD and IMEA who have an option to acquire a 35% interest in Lake Maitland for US\$39m and participate in the financing and development of that deposit.

Wiluna Resource and Mine Schedule Improvements

Outcomes from the completed 2013 drilling program (435 holes for 8,106 metres) and the Lake Maitland integration and resource re-estimation activities included:

- 43% increase in the Wiluna resources to 76.5 Mlb (previously 53.5Mlb @ 200ppm cut-off);
- improved resource confidence with Wiluna resources now at 80% Measured and Indicated (previously 32%);
- the evaluation of high grade resource alternative using a 500ppm cut-off for a resource of 21.3 Mt @ 898ppm for 42.3 Mlb which includes 36.7 Mlbs @ 930ppm.

On the back of these results Toro engaged Tetra Tech-Proteus to complete a mining scoping study to provide preliminary mining schedules for the Centipede, Millipede, Lake Maitland and Lake Way deposits. The work included reviewing and defining the mining approach, fleet requirements and conducting whittle pit shell optimisations based on revenue and cost criteria provided by Toro. On 30/01/2014 Toro released the outcomes of these studies and the resulting improvements to the project economics.

*See 30/11/2013 and 30/01/2014 ASX announcements for further details on the Wiluna resources and project improvements post Lake Maitland acquisition and integration studies.

Traditional Owner Negotiations and Environmental Assessment for Millipede and Lake Maitland

Toro met representatives of the Yugunga-Nya people and the Yamatji Marlpa Aboriginal Corporation at Meekatharra to initiate discussions about an exploration programme on its Nowthanna tenements south of Meekatharra.

The Wiluna Rangers team undertook radiation monitoring training and the rehabilitation of drill holes on the Dawson Hinkler tenements.

At a meeting in December, a draft framework mining agreement in respect of Centipede, Millipede and Lake Way deposits and processing facility was presented by the Wiluna Native Title Holders for Toro's consideration. Negotiation of the mining agreement will continue during 2014.

Discussions were initiated with the Western Australian Environmental Protection Authority and the Federal Department of Environment regarding environmental assessment of mining at Millipede and Lake Maitland deposits. Toro referred both projects in February 2014 to commence the government assessment and approval process.

Exploration

During the quarter Toro:

- progressed discussions with potential JV partners across tenements in the Wiso Basin where Toro has identified large paleochannel systems;

- advanced negotiations on the Potash Joint Venture with Rum Jungle Resource Limited at Toro's strategically important Lake Mackay Project;
- conducted detailed reconnaissance surveys across the highest priority exploration ground ensuring compliance with environmental and cultural heritage obligations.

A number of non-core exploration tenements were dropped during the period in line with the Company's exploration priorities.

Capital Raising Agreements for \$12m Completed

During the period Toro secured project and working capital on the back of the Lake Maitland acquisition and the Subscription Agreement with RealFin Capital Partners (RealFin).

Total funds raised on the acquisition of Lake Maitland were \$3.5m made up of share subscriptions from OZ Minerals and Pinetree Capital Ltd of \$1 million each and \$1.5m cash that was included in the acquired assets.

In December 2013 Toro signed a binding Subscription Agreement with RealFin Capital Partners (RealFin) of South Africa for the investment of up to \$10 million in new equity in Toro. The Subscription Agreement consists of a \$5 million equity subscription and an additional \$5 million optional equity subscription that can be subscribed to at any time until 1st July 2014.

New Cornerstone Shareholder and Directors

As a result of the Lake Maitland acquisition and the OZ Minerals and Pinetree Capital equity financings, Mega Uranium became a 28% shareholder of Toro with OZ Minerals holding 28.5%. At the time of writing the respective holdings of OZ Minerals and Mega Uranium were 28.12% and 27.6%.

Following Toro's Annual General Meeting on 28th November 2013, Mr Richard Patricio and Mr Richard Homsany were appointed to the Toro Board as nominees of Mega Uranium.

Donald Stephens retired from the position of joint Company Secretary on 28 November 2013.

Subsequent Events

On 16 January 2014 and 7 February 2014 Toro issued ordinary shares to RealFin Capital Partners pursuant to the terms contained within the Subscription Agreement, dated 24 December 2013 and announced to the ASX same date, as follows:

- 16 January 2014: 13,698,630 ordinary shares @ \$0.073 per share for \$1m;
- 7 February 2014: 14,409,222 ordinary shares @ \$0.069 per share for \$1m; and

On 28 February 2014, Toro announced RealFin had agreed to pay \$1.5m to Toro pursuant to the Subscription Agreement. On receipt of the funds, Toro will issue 23,474,178 ordinary shares @ \$0.064 per share.

There were no other material subsequent events.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2013.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Vanessa Guthrie', enclosed within a large, loopy circular flourish.

Vanessa Guthrie
Managing Director

28 February 2014

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Toro Energy Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Carina Becker
Partner - Audit & Assurance

Perth, 28 February 2014

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Other Income	5 (a)	180,756	194,605
Impairment of Exploration & Evaluation Assets	9	(2,016,585)	(306,092)
Employee benefits expense	5 (b)	(580,064)	(727,215)
Depreciation expense		(173,063)	(251,615)
Finance costs	5(c)	(1,195,294)	-
Other expenses	5(d)	(651,107)	(897,258)
Loss before income tax expense		(4,435,357)	(1,987,575)
Income tax expense		-	-
Loss from continuing operations		(4,435,357)	(1,987,575)
Loss for the period		(4,435,357)	(1,987,575)
Loss attributable to members of the parent entity		(4,435,357)	(1,987,575)
Other comprehensive income:			
Other comprehensive income for the period (net of income tax)		-	-
Total comprehensive loss for the period		(4,435,357)	(1,987,575)
Earnings per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share	6	(0.39)	(0.19)
Diluted earnings per share		(0.39)	(0.19)

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2013

	Note	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	7	9,214,458	11,244,118
Trade and other receivables		251,091	496,239
Other current assets	8	46,955	102,527
TOTAL CURRENT ASSETS		9,512,504	11,842,884
NON-CURRENT ASSETS			
Property, plant and equipment		2,689,151	1,482,673
Exploration and evaluation assets	9	124,980,453	88,709,872
TOTAL NON-CURRENT ASSETS		127,669,604	90,192,545
TOTAL ASSETS		137,182,108	102,035,429
CURRENT LIABILITIES			
Trade and other payables	10	2,765,988	1,351,602
Short-term provisions		102,161	150,933
TOTAL CURRENT LIABILITIES		2,868,149	1,502,535
NON-CURRENT LIABILITIES			
Borrowings		8,607,374	7,824,460
Long-term provisions		28,465	83,435
TOTAL NON-CURRENT LIABILITIES		8,635,839	7,907,895
TOTAL LIABILITIES		11,503,988	9,410,430
NET ASSETS		125,678,120	92,624,999
EQUITY			
Equity attributable to equity holders of the parent			
Issued Capital	11	255,077,274	217,588,796
Reserves		6,260,173	6,822,418
Accumulated Losses		(135,659,327)	(131,786,215)
Equity attributable to owners of the Company		125,678,120	92,624,999
TOTAL EQUITY		125,678,120	92,624,999

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Issued Capital \$	Share option reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2012		217,588,796	3,327,664	(125,477,873)	95,438,587
Total comprehensive income for the period		-	-	(1,987,575)	(1,987,575)
Share-based options issued to Macquarie		-	1,330,976	-	1,330,976
Employee share-based payment options		-	4,249	-	4,249
Expired Employee share-based payment options		-	(578,600)	578,600	-
Balance at 31 December 2012		217,588,796	4,084,289	(126,886,848)	94,786,237
Balance at 1 July 2013		217,588,796	6,822,418	(131,786,215)	92,624,999
Total comprehensive income for the period		-	-	(4,435,357)	(4,435,357)
Acquisition of Lake Maitland (LM) from Mega Uranium	12	34,860,000	-	-	34,860,000
Share Based Payment - LM Acquisition Costs		635,742	-	-	635,742
Capital Raising - Share placement		2,000,000	-	-	2,000,000
Costs of capital raising (net of tax)		(7,264)	-	-	(7,264)
Expired Employee share-based payment options		-	(562,245)	562,245	-
Balance at 31 December 2013		255,077,274	6,260,173	(135,659,327)	125,678,120

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(816,758)	(1,786,730)
Interest and other finance costs		(473,822)	-
Interest received		180,916	258,791
NET CASH USED IN OPERATING ACTIVITIES		(1,109,664)	(1,527,939)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		-	22,728
Purchase of plant and equipment		(32,565)	(16,376)
Purchase of exploration and evaluation tenements		(1,466,389)	-
Payments for exploration and evaluation activities		(2,734,370)	(6,589,610)
NET CASH USED IN INVESTING ACTIVITIES		(4,233,324)	(6,583,258)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,320,592	-
Transaction costs of issue of shares		(7,264)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		3,313,328	-
Net decrease in cash and cash equivalents		(2,029,660)	(8,111,197)
Cash at the beginning of the period		11,244,118	12,808,887
CASH AT THE END OF THE PERIOD	7	9,214,458	4,697,690

The accompanying notes form part of the financial statements.

Notes to the Financial Statements – December 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This financial report is intended to provide users with an update on the latest annual financial statements of Toro Energy Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year.

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

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 28 February 2014.

Significant Accounting Judgements and Key Estimates

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

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

In the half-year ended 31 December 2013, management reassessed its estimates in respect of:

Carrying value of exploration and evaluation expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to the statement of profit or loss and other comprehensive income. As a result of this review, management has determined that \$2,016,585 be written off as a result of actual or intended relinquishments of title.

New and revised accounting standards applicable for the first time to the current half-year reporting

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

Notes to the Financial Statements – December 2013

AASB 10, Consolidated Financial Statements

AASB 10 is effective for accounting periods beginning on or after 1 January 2013 and replaces the guidance on control and consolidation in AASB 127, Consolidated and Separate Financial Statements, and Interpretation 112, Consolidation - Special Purpose Entities. It introduces a single definition of control of an entity, focusing on the need to have both exposure, or rights, to variable returns and the power to affect those returns, before control is present. The group has reviewed its investments in other entities and concluded that the application of AASB 10 does not have any impact on the amounts recognised in the consolidated interim financial statements.

AASB 13, Fair Value Measurement

AASB 13 is effective for accounting periods beginning on or after 1 January 2013 and provides guidance on how to measure fair value and enhance fair value disclosures. The application of AASB 13 has not changed the Company's measurement techniques for determining fair value and does not have any impact on the amounts recognised in the consolidated interim financial statements.

AASB 119, Amendments to Employee Benefits

AASB 119 is effective for accounting periods beginning on or after 1 January 2013 and sets out the required disclosures for entities reporting under AASB 119. An amended version of AASB 119 'Employee Benefit' with revised requirements for pension and other post-employment benefits, termination benefits and other change requires a number of disclosures which are consistent with previous disclosures made by the Company. AASB 119 amendments to Employee Benefits have no impact on the amounts recognised in the consolidated interim financial statements.

2. SEGMENT INFORMATION

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

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

- Project Evaluation;
- Exploration; and
- Corporate & Administration.

Information regarding these segments is presented below.

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

Notes to the Financial Statements – December 2013

	Continuing Operations			Consolidated
	Project Evaluation	Exploration	Corporate & Administration	Revenue & loss for the period
31 Dec 2012				
Segment Revenue	-	-	194,605	194,605
Segment result before tax	(185,224)	(341,064)	(1,461,287)	(1,987,575)
Income tax expense	-	-	-	-
Segment loss for the period	(185,224)	(341,064)	(1,461,287)	(1,987,575)
31 Dec 2013				
Segment Revenue	-	-	180,756	180,756
Segment result before tax	(136,433)	(2,037,314)	(2,261,610)	(4,435,357)
Income tax expense	-	-	-	-
Segment loss for the period	(136,433)	(2,037,314)	(2,261,610)	(4,435,357)

The revenue reported above represents revenue generated from external customers.

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

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

	Continuing Operations			Consolidated
	Project Evaluation	Exploration	Corporate & Administration	Total Assets
30 Jun 2013	76,533,013	13,511,242	11,991,174	102,035,429
31 Dec 2013	115,769,355	11,766,867	9,645,886	137,182,108

3. CONTINGENT LIABILITIES

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

4. EVENTS SUBSEQUENT TO REPORTING DATE

On 16 January 2014 and 7 February 2014 Toro issued ordinary shares to RealFin Capital Partners pursuant to the terms contained within the Subscription Agreement, dated 24 December 2013 and announced to the ASX same date, as follows:

- 16 January 2014: 13,698,630 ordinary shares @ \$0.073 per share for \$1m;
- 7 February 2014: 14,409,222 ordinary shares @ \$0.069 per share for \$1m; and

On 28 February 2014, Toro announced RealFin had agreed to pay \$1.5m to Toro pursuant to the Subscription Agreement. On receipt of the funds, Toro will issue 23,474,178 ordinary shares @ \$0.064 per share.

There were no other material subsequent events.

Notes to the Financial Statements – December 2013

5. REVENUE & EXPENSES

	Consolidated	
	As at 31 Dec 13 \$	As at 31 Dec 12 \$
(a) Other Income		
Bank interest received or receivable	180,357	194,605
Gain on sale of asset	399	-
	<u>180,756</u>	<u>194,605</u>

	Consolidated	
	As at 31 Dec 13 \$	As at 31 Dec 12 \$
(b) Employee Benefits Expense		
Wages, salaries, directors fees and other employee benefits expense	1,311,131	2,017,788
Share based payments expense	-	4,249
Transfer to exploration and evaluation assets	(731,067)	(1,294,822)
	<u>580,064</u>	<u>727,215</u>

(c) Finance Costs		
Debt Facility Interest	412,380	-
Ammortisation of:		
Debt Facility Establishment Costs	81,664	-
Share option Cost	701,250	-
	<u>1,195,294</u>	<u>-</u>

(d) Other Expenses		
Communication and IT costs	31,696	31,690
Travelling expenses	65,994	45,796
Accounting, secretarial support and audit fees	14,614	67,687
Consulting fees	73,068	162,475
Legal fees	34,565	87,081
Rent and utility expenses	112,011	143,457
AGM, annual report & share registry	132,176	126,669
Advertising and promotional	63,848	44,996
Other Expenses	123,135	187,407
	<u>651,107</u>	<u>897,258</u>

Notes to the Financial Statements – December 2013

6. EARNINGS PER SHARE

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

	Consolidated	
	31 Dec 13	31 Dec 12
	\$	\$
Net loss attributable to ordinary equity holders of the Company	(4,435,357)	(1,987,575)
Weighted average number of ordinary shares for basic earnings per share	1,143,875,633	1,041,936,676

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	As at 31 Dec 13	As at 30 Jun 13
	\$	\$
Cash at bank and in hand	2,614,458	844,118
Short-term deposits	6,600,000	10,400,000
	9,214,458	11,244,118

8. OTHER CURRENT ASSETS

	Consolidated	
	As at 31 Dec 13	As at 30 Jun 13
	\$	\$
CURRENT		
Accrued income	25,929	26,488
Prepayments	21,026	76,039
	46,955	102,527

Notes to the Financial Statements – December 2013

9. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	As at	As at
	31 Dec 13	30 Jun 13
	\$	\$
Balance at beginning of financial year	88,709,872	83,714,760
Share acquisition & costs - Lake Maitland (1)	32,789,005	-
Cash acquisition costs - Lake Maitland (2)	3,243,800	-
Impairment of exploration expenditure (3)	(2,016,585)	(2,824,564)
Other Expenditure during the year	2,254,361	7,819,676
Balance at end of period	124,980,453	88,709,872

(1) Lake Maitland share based acquisition and transaction costs. Further details at Note 12.

(2) Capitalised cash costs of the Lake Maitland acquisition including stamp duty of \$1.8M.

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

10. TRADE AND OTHER PAYABLES

	Consolidated	
	As at	As at
	31 Dec 13	30 Jun 13
	\$	\$
Trade and other payables		
Stamp Duty (Lake Maitland Acquisition)	1,809,084	-
Trade Creditors & Accrued Expenses	956,904	1,351,602
	2,765,988	1,351,602

Notes to the Financial Statements – December 2013

11. ISSUED CAPITAL

	Consolidated	
	As at 31 Dec 13 \$	As at 30 Jun 13 \$
Fully paid ordinary shares	255,077,274	217,588,796
	255,077,274	217,588,796
Reconciliation:		
	Consolidated Half year ended 31 Dec 13 \$	Consolidated Year ended 30 Jun 13 \$
Ordinary shares		
Balance at beginning of financial year	217,588,796	217,588,796
Shares issued for Lake Maitland acquisition	34,860,000	-
Capital Raising - Share placement	2,000,000	-
Share Based Payment - LM Acquisition Costs	635,742	-
Costs of capital raising (net of tax)	(7,264)	-
Balance at end of the half year	255,077,274	217,588,796
	Legal Parent Half year ended 31 Dec 13 No.	Legal Parent Year ended 30 Jun 13 No.
Ordinary shares		
Number at beginning of financial year	1,041,936,676	1,041,936,676
Shares issued for Lake Maitland acquisition	415,000,000	-
Capital Raising - Share placement	25,000,000	-
Share Based Payment - LM Acquisition Costs	7,946,777	-
Number of shares at end of half year	1,489,883,453	1,041,936,676

12. SHARE BASED PAYMENTS

Unlisted Share Options

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

	31 Dec 13 No.	30 Jun 13 No.
Outstanding at the beginning of the year	135,023,051	37,025,000
Granted during the year	-	102,358,051
Expired during the year	(2,045,000)	(4,360,000)
Cancelled during the year	(3,795,000)	-
Outstanding at the end of the year	129,183,051	135,023,051
Exercisable at the end of the year	129,183,051	135,023,051

Notes to the Financial Statements – December 2013

The outstanding balance of share options at 31 December 2013 is represented by:

Issue Date	Vesting Date	Expiry Date	Strike Price	Number
9/11/2009	20/03/2010	19/03/2014	0.25	1,000,000
3/02/2010	3/02/2010	2/02/2015	0.22	4,120,000
4/01/2011	4/01/2011	3/01/2016	0.22	3,680,000
26/05/2011	26/05/2011	25/05/2016	0.15	250,000
26/05/2011	26/05/2012	25/05/2016	0.22	250,000
1/07/2011	1/07/2011	30/06/2016	0.11	750,000
1/07/2011	1/07/2012	30/06/2016	0.22	500,000
1/07/2011	1/09/2012	30/06/2016	0.25	750,000
1/08/2011	1/08/2011	31/07/2016	0.13	9,300,000
26/08/2011	26/08/2011	25/08/2016	0.13	225,000
30/11/2011	12/01/2011	11/01/2016	0.22	5,000,000
30/11/2011	12/01/2011	11/01/2016	0.3	1,000,000
2/11/2012	2/11/2012	1/11/2015	0.123	24,390,244
6/03/2013	6/03/2013	7/03/2016	0.142	42,253,521
27/06/2013	27/06/2013	7/03/2016	0.084	35,714,286
				<u>129,183,051</u>

Lake Maitland Acquisition

On 19 November 2013 Toro completed the acquisition of the Lake Maitland Uranium Project and associated assets for the consideration of 415M ordinary shares.

The values ascribed to the assets purchased in the transaction were as follows:

415M Toro shares issued to Mega Uranium Ltd	\$34,860,000
<i>(Closing share price at 19 November 2014 was \$0.084)</i>	

Allocated to the following:

Exploration and evaluation assets	\$32,153,263
Property plant and equipment	\$1,352,191
Cash and cash deposits	\$1,500,000
Net of tenement rates, rentals & bonds settlement	<u>(\$145,454)</u>
	\$34,860,000

On 28 November 2013 Toro issued a further 7,946,777 ordinary shares @ \$0.08 per share for \$635,742 as part payment of professional fees due on completion of the Lake Maitland transaction. In line with AASB6 this cost has been fully capitalised and recognised as an exploration and evaluation asset.

Directors' Declaration:

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 19 are in accordance with the Corporations Act 2001, including;
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and the performance for the half-year ended on that date; and
 - b. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Vanessa Guthrie
Managing Director

28 February 2014

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

We have reviewed the accompanying half-year financial report of Toro Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Toro Energy Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Grant Thornton Audit Pty Ltd ACN 130 913 594
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As the auditor of Toro Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Carina Becker
Partner - Audit & Assurance

Perth, 28 February 2014

APPENDIX 1: COMPETENT / QUALIFIED PERSONS' STATEMENTS

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