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Annual Technical Report for Period 24th October 2008 to 23rd October 2009

EL 26704 Ingellina Gap

Titleholder	Toro Energy Ltd
Operator	Toro Energy Ltd
Tenement Agent	Austwide
Title	EL26704 Ingellina Gap
Project	Reynolds Range
Report Title	Annual Technical Report for period 24th October 2008 to 23rd October 2009 EL26704 Ingellina Gap
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Corporate Author	Toro Energy Ltd
Target Commodity	Uranium
Date of Report	23rd November 2009
Datum	GDA94 Zone 52 and 53
250k Mapsheets	Napperby SF53-09, Mt Peake SF53-05
100k Mapsheets	Giles 5354, Mt Peak 5454, Reynolds Range 5453
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Summary

This first Annual Technical Report for Ingellina Gap covers work carried out during the twelve month period from 24th October 2008 to 23rd October 2009. Exploration activities during the period have involved:

- An historical data review comprising acquisition and assessment of all available open file reports and data.
- Brief reconnaissance field trip with rock/soils samples collected.
- AEM survey over broader Reynolds Range project area including a small portion of EL26704.
- Native Title negotiations have also been progressed with the Central Land Council and Traditional Owners. Toro are actively seeking an Exploration Agreement be in place prior to any ground disturbing work.

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1 INTRODUCTION

This report outlines the work conducted within the exploration tenement EL26704 during 2008 by Toro Energy Limited ("Toro"; ticker code "TOE").

EL26704 is located approximately 150 km north-northwest of Alice Springs (Figure 1) in the Reynolds Range province on the Napperby and Mt Peak 1:250,000 mapsheets (Figure 2).

The Reynolds Range region is semi arid with monsoonal influences, with 75-80% of rainfall occurring in the summer months. Annual rainfall is generally higher in the north of the region. The mean annual rainfall for Tennant Creek (to the North) is 375 mm. Rainfall is extremely erratic.

Most of the region is hilly range country, covered by Spinifex (hummock grassland) and a variety of stunted vegetation. Adjacent are sand plains with minor sand dunes containing Spinifex, Acacia, Blue Gum and Mallee scrub plants. Drainage from the high-relief ranges quickly dissipates into shallow water courses and floodplains that break up the sand plains, or locally into ephemeral salt lakes. This tenement lies at the southeastern end of the Reynolds Range and incorporates largely hilly country in the south and dissected low hills at the headwaters of the Lander River in the north.

Access to the region is via Alice Springs or Tennant Creek along the Stuart Highway, 150km north or 350km south respectively. The tenement straddles the boundary between Coniston and Pine Hill Stations (Figure 3). Access within the tenement is via sealed station roads. Further access is via a comprehensive network of minor tracks. Hilly areas can only be accessed on foot or by helicopter.

2 TENEMENT

EL26704 was granted on 24th October 2008 to Toro Energy Ltd for a period of 6 years. This lease is in its first year of tenure and consists of 303 blocks covering a total area of 942.5 square kilometres.

Lease	Name	Licence Holder / Applicant	Lease Status	Blocks	Area km2	Grant Date	Expiry Date	$Rent 2009	Covenant
EL26704	Ingellina Gap	Toro Energy Ltd	Granted	173	526.44	24th October 2008	23rd October 2014	3,333	$128,000

Table 1 Ingellina Gap Tenement Details

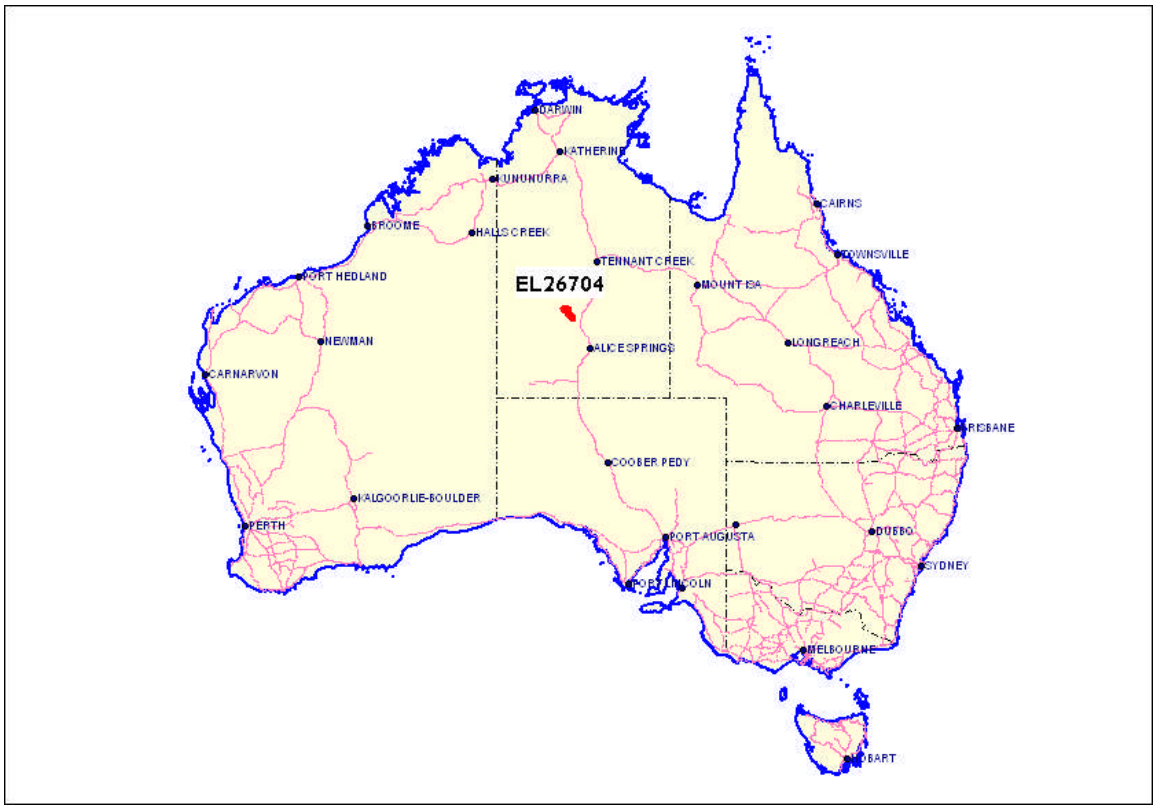

Figure 1 Location Reynolds Range Project area

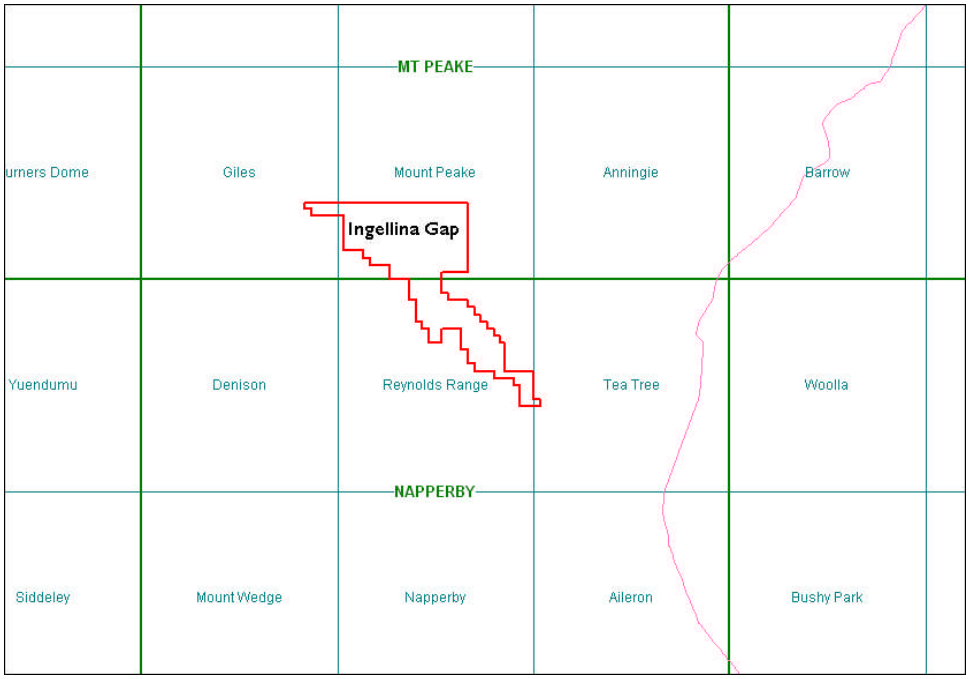

Figure 2 Ingellina Gap Tenement Location over 250k and 100k mapsheets

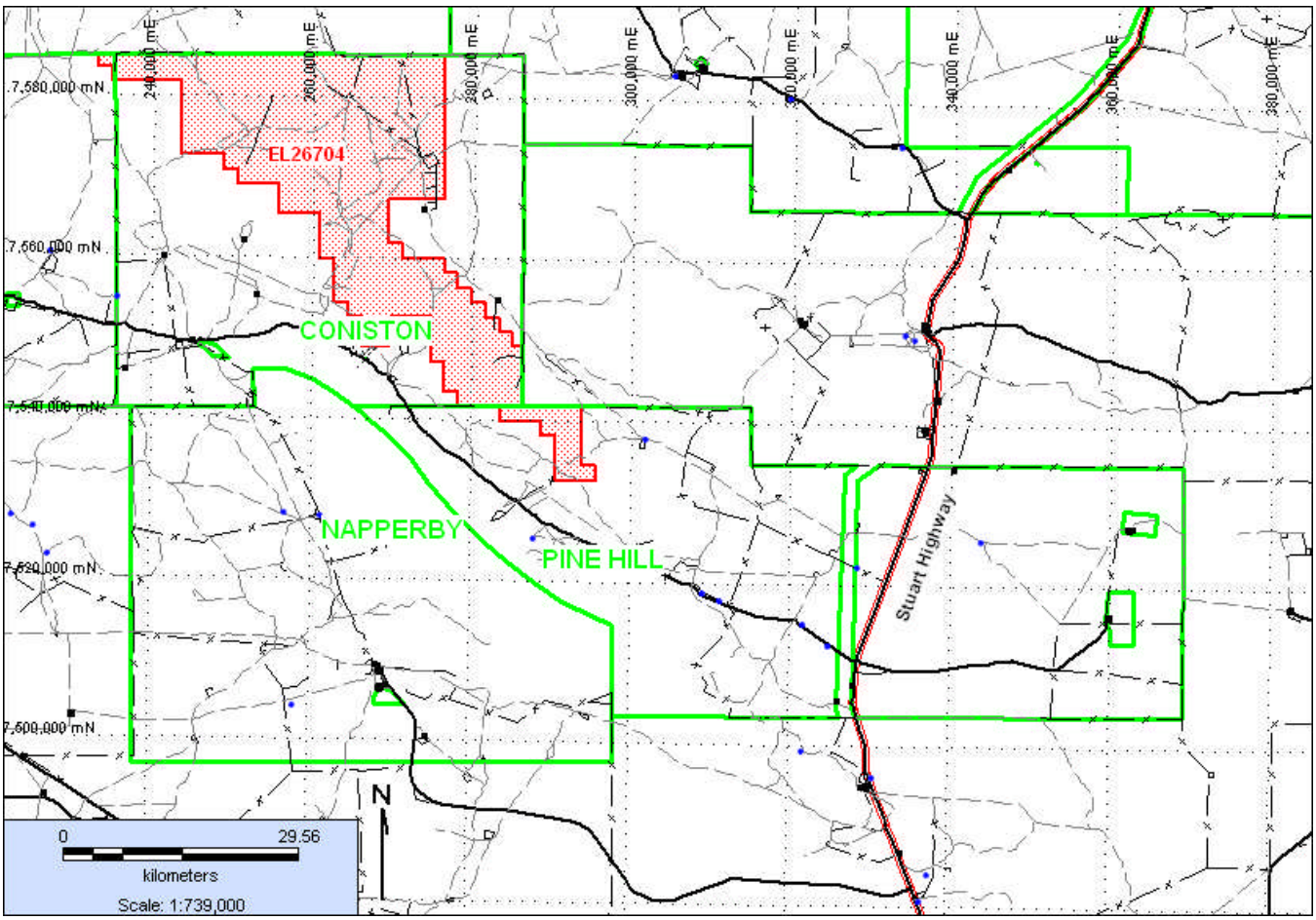

Figure 3 EL26704 location, access, pastoral properties (in green)

3 GEOLOGICAL SETTING

The Reynolds Range project lies within the Arunta-Ngalia region of the Northern Territory (shown in pink – fig. 4 and fig. 5). Basement is comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks assigned to the Aileron Province, including the Reynolds Range Group. These granites and orthogneisses are notably highly-radiogenic within the Reynolds Range, hosting numerous veins and pegmatites with anomalous uranium and thorium (see fig. 6). These rocks are overlain by Neoproterozoic to Carboniferous sediments of the Ngalia Basin to the south of the tenement. Locally, the Aileron Province rocks are overlain by a veneer of Tertiary to Recent clastic sequences, derived by erosion of the radiogenic granites in the Reynolds Range.

Uranium mineralisation is known in the region and is restricted (thus far) to the Proterozoic Aileron Province and Carboniferous Ngalia Basin. Uranium at Nolans Bore

(Arafura Resources), to the southeast, occurs in phosphatic and REE-enriched metasomatic pods and veins within the high-metamorphic-grade Lander Rock beds.

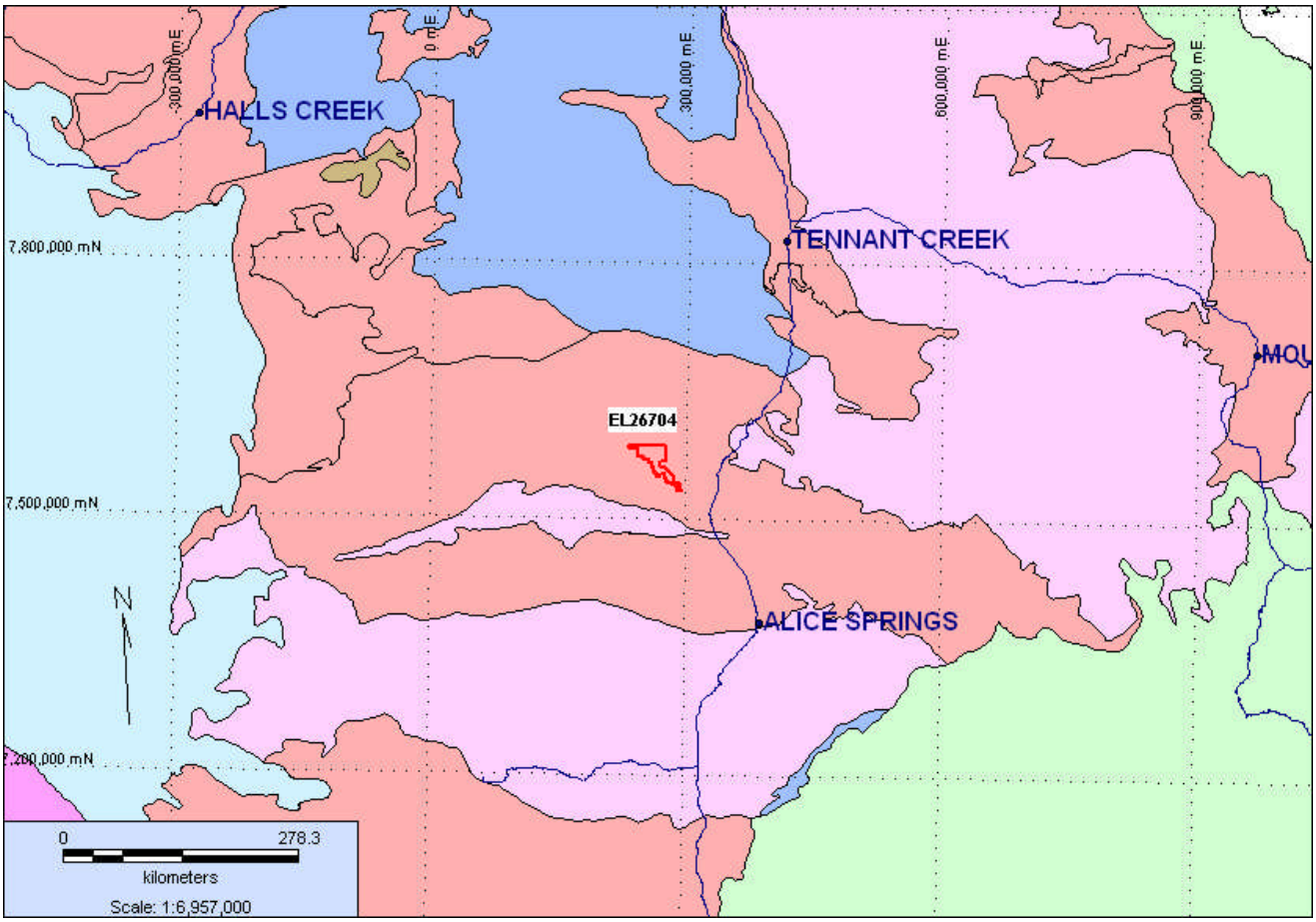

Figure 4 Location of Ingellina Gap over 1:2.5M geology (interpretation) regions (Geoscience Australia)

This deposit is subject of ongoing feasibility studies. Uranium is also present in high grades at Bigrlyi (Energy Metals-Paladin JV) to the west, within carbonaceous sandstones of the Mt Eclipse Sandstone. The deposit is a roll-front style formed during uplift and deformation of the basin in the Carboniferous.

The local geology comprises sodic granites, gneisses and minor amphibolites, folded metasediments and intruded metabasic rocks. Major northwest shears cut the sequence and are associated with barren quartz intrusion. The two most prominent structures are located along the Lander River Valley and along the Salt Creek – Blue Bush Bore Valley.

The granites batholiths are interpreted to be shallowly eroded and exposure is of their roof pendants and upper levels only, resulting in an abundance of pegmatite outcrop typically of quartz-feldspar-muscovite-tourmaline composition. Some very coarse examples occur in association with minor tantalum or tin mineralisation that has in places been mined.

The metasediments, comprising meta shales, cherts, siltstone and fine sandstone range in grade from low greenschist to schist facies and are common in the Lander valley. Some exhibit quartz sericite alteration.

Tertiary to recent cover comprising lateritic sands and clays, calcrete and ferricrete is common in low lying areas and exhibits depths in the order of 70m in drilling. Some calcrete shows replacement by chalcedonic silica and this silcrete has been demonstrated to be uraniferous, with a chip sample grading 500ppm in the region.

The present static watertable is significantly below the base of calcrete in drilling and thus is older than the present hydrogeological scheme. This is likely to have an influence on both the preservation and appropriate media of trap sites for secondary uranium mineralisation and the recognition of palaeo flow directions and source rocks.

In the Hann Range, the Vaughan Springs Quartzite (which unconformably overlies the Arunta Palaeoproterozoic rocks) preserves the basal conglomerates of that sequence. These conglomerates have been shown to be anomalous in uranium (40-50ppm) at surface, where leaching is expected to have occurred.

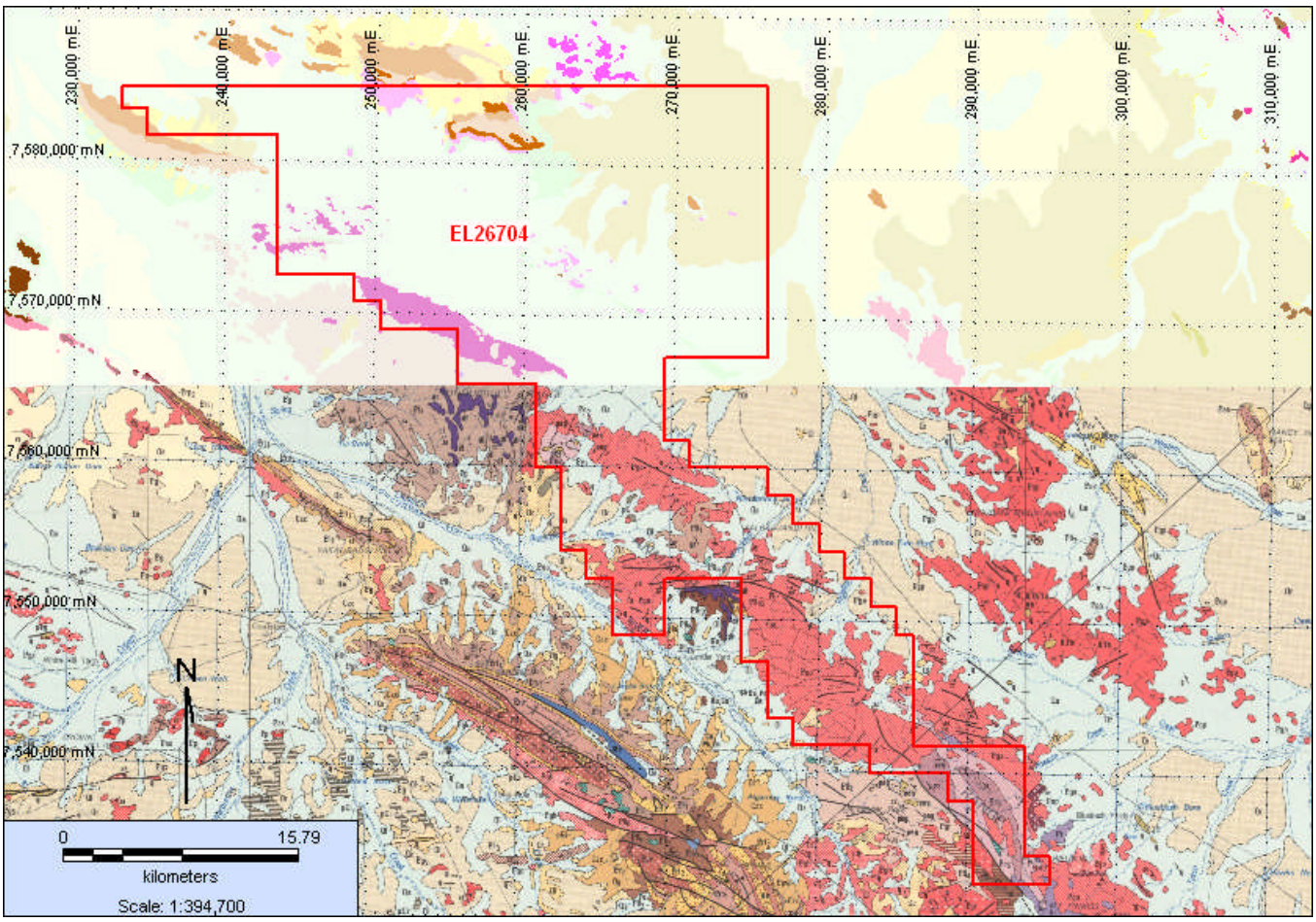

Figure 5 Location of Ingellina Gap over geology outcrop 250K published geology sheet

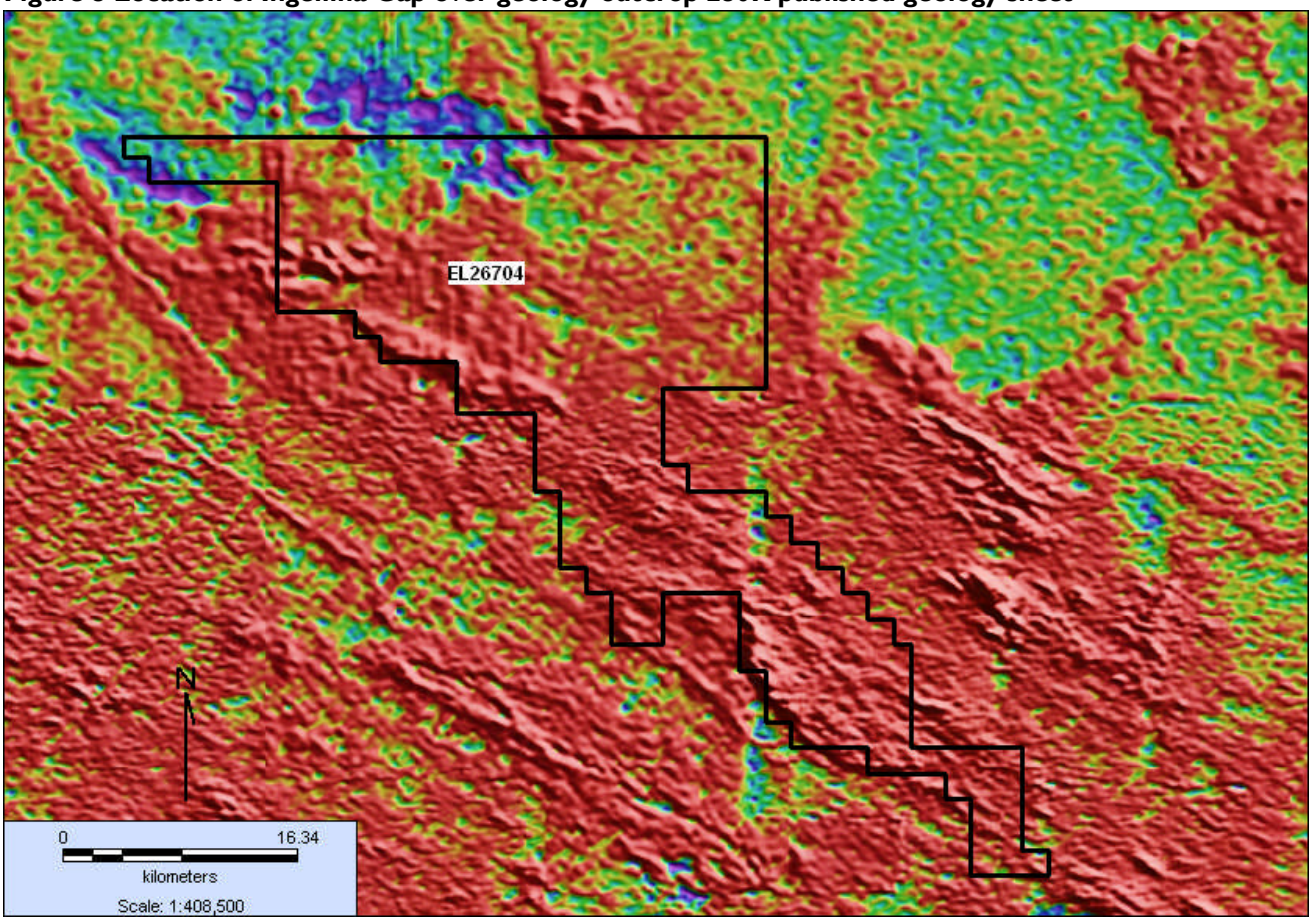

Figure 6 State radiometrics over EL26704

4 PREVIOUS EXPLORATION

Previous mineral exploration work is detailed in a separate document – see Appendices.

A Large proportion of the ground covered by the Ingellina Gap covers outcropping Palaeoproterozoic terrain that has been thoroughly explored in the near surface environment for hard rock hydrothermal and intrusive related styles of uranium mineralisation.
There has been no previous uranium exploration over the recent sediments in this area.

5 EXPLORATION OBJECTIVES

After reviewing of the available data and reports, Toro composed the following objectives for this tenement:

- Determine the likelihood of economic 'hard-rock' U mineralisation in the Palaeoproterozoic granites and gneisses under cover. This should include identification of labile uranium species and phosphatic facies.
- Identify potential palaeochannel sediments and determine if there are reduced facies or evidence of redox changes.
- Determine the characteristics of radiometric anomalies present in the Government datasets.

6 EXPLORATION COMPLETED

Toro undertook a brief reconnaissance field trip in August 2009. This involved foot traverses. A consistent high background was noted, suggesting natural high Th and U concentrations in the granites. This is consistent with the airborne radiometric data. No local increases in counts per second ("CPS") were recognised, nor were any pegmatites or phosphatic bodies. Eight surface samples were collected for analysis. A desktop review of previous exploration was completed (Appendices). Open file data was assessed by consultant geophysicist, David Wilson and an area set aside for an AEM survey with the aim of identifying conductors within covered basement and/or palaeochannels.

Geophysics

Toro Energy commissioned Fugro Airborne Surveys Pty Ltd to fly a regional TEMPEST survey in July 2008 over its Reynolds Range Project (see fig. 7). EL26704 is one of several licences comprising this project. Lines were flown at 1000m spacing. The survey clips a small area on the north eastern boundary within which is the processed image. Although the data has not been fully interpreted as yet, it is clear that palaeochannels are developed in the area, but do not propagate into Ingellina Gap from the northeast. Further surveying will be required to determine the extent of palaeochannel potential in the southern and western parts of this tenement.

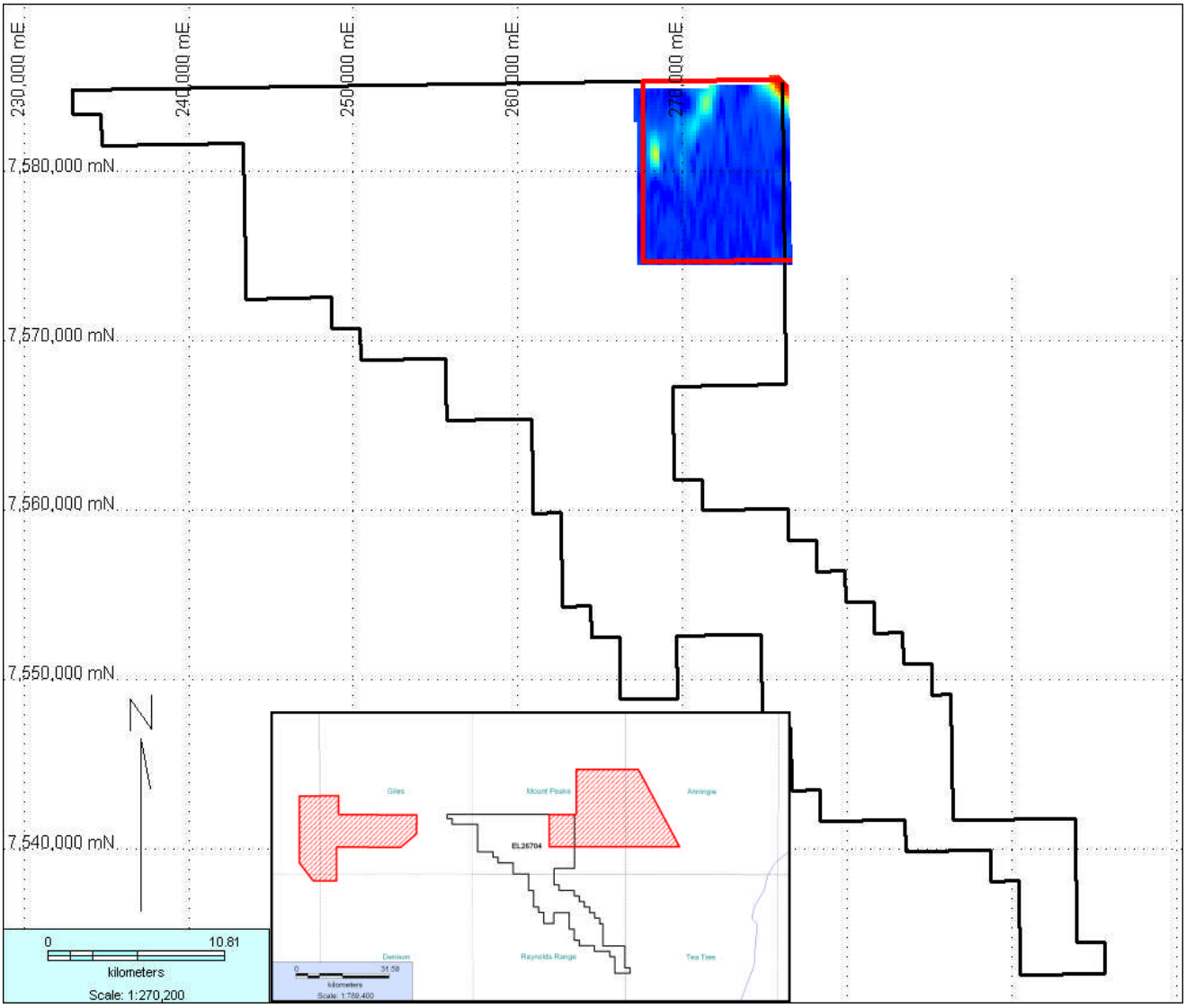

Figure 7 Tempest grid for the Ingellina Gap portion of the Reynolds Range AEM survey

Surface Sampling

Several surface samples were collected during an initial reconnaissance trip (fig. 9 and table 2).

Multielement assays are detailed in the appendices. No anomalous samples were identified.

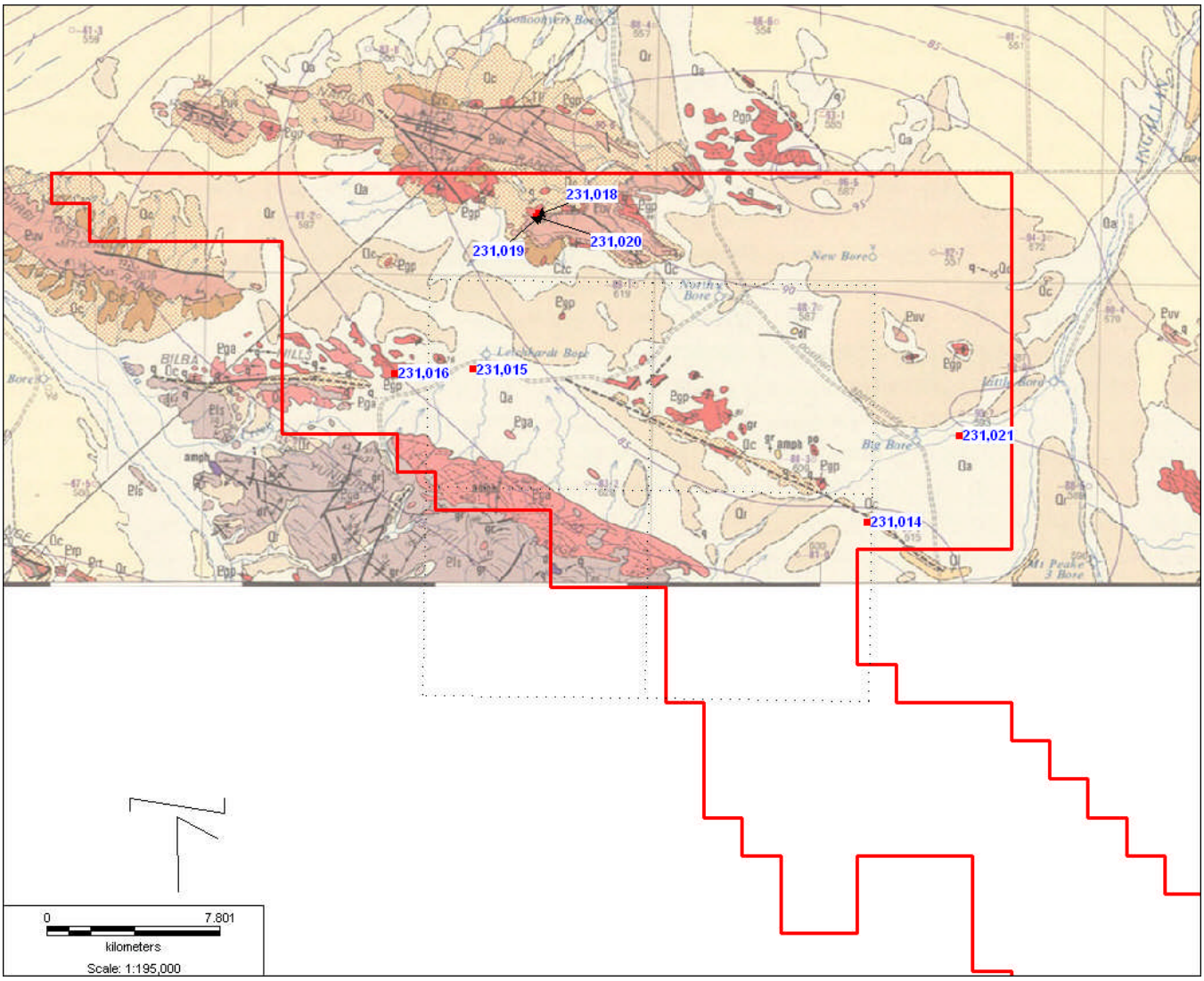

Figure 8 Surface sample locations on EL26704

Table 2 Rock/Soil samples collected on EL26704

SampleID	east	north	Sample type	Arad anomaly	Description	Scint cps
231013	242152	7549723	soil	Arad027	soil; granite derived	300
231014	269850	7568604	soil	Arad056	soil c qtz float	160
231015	252055	7575678	soil	Arad041	soil c granite chips	250
231016	248521	7575431	rock	Arad034	fol porph K-feld granite	650
231017	248559	7575415	rock	Arad034	fine granite c mafic xenoliths	500
231018	254850	7583228	rock	Arad044	highly foliated leucogranite	280
231019	254805	7583035	rock	Arad044	highly foliated leucogranite	330
231020	254770	7583033	rock	Arad044	epithermal qtz vein	250

8 EXPLORATION EXPENDITURE

Expenditure incurred during the first year of term for EL26704 was $43,804.72 (see associated Expenditure Report). These expenditure figures exclude DPIFM rent and legal costs. For the upcoming year, Toro are expecting to spend approximately $60,000 on EL26704.

9 EXPLORATION PROPOSED

The planned exploration programme for the upcoming reporting period will include the following:

- Follow up of historic occurrences or anomalies on the ground. Undertake more detailed rockchip sampling and analysis.
- Expansion of the regional AEM dataset to include further coverage of Ingellina Gap.
- Undertake aircore and/or mud rotary drilling of palaeochannels and anomalies identified in the regional Tempest electromagnetic survey, within this and adjoining tenements.

10 APPENDICES

A Historical Data Review
Ingellina Gap_Information memo_Reynolds Range NT.PDF

B Geophysical data
2006_1_final products (digital folder)
2006_2_final products (digital folder)

C Rock Chip samples
EL26704_A_02_surface samples .txt