EL 26827 Red Rock
Annual Technical Report for Period
11th February 2009 to 10th February 2010

<table>
<thead>
<tr>
<th>Titleholder</th>
<th>Toro Energy Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator</td>
<td>Toro Energy Ltd</td>
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<tr>
<td>Tenement Agent</td>
<td>Toro Energy Ltd (Perth)</td>
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<tr>
<td>Title</td>
<td>EL26827 Red Rock</td>
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<tr>
<td>Project</td>
<td>Sandover-Plenty</td>
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<td>Report Title</td>
<td>EL26827 Red Rock Annual Technical Report for period 11th February 2009 to 10th February 2010</td>
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<td>Toro Energy Ltd</td>
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<tr>
<td>Target Commodity</td>
<td>Uranium</td>
</tr>
<tr>
<td>Date of Report</td>
<td>1st March 2010</td>
</tr>
<tr>
<td>Datum</td>
<td>GDA94 Zone 53</td>
</tr>
<tr>
<td>250k Mapsheets</td>
<td>Alice Springs SF53-14</td>
</tr>
<tr>
<td>100k Mapsheets</td>
<td>Burt 5651</td>
</tr>
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</tr>
</tbody>
</table>
Summary

This first Annual Technical Report for EL26827 Red Rock covers work carried out during the twelve month period from 11th February 2009 to 10th February 2010. Exploration activities during the period are as follows:

- An historical data review comprising acquisition and assessment of all available open file reports and data.
- No on-ground exploration has been carried out apart from a brief reconnaissance visit in mid 2009 to determine logistics and meet the pastoralists.
- Toro is seeking an Exploration Agreement be in place prior to any ground disturbing work.
- 1000m of aircore drilling planned across Tertiary palaeochannel.
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1 INTRODUCTION
This report outlines the work conducted within the exploration tenement EL26827 during 2009-2010 by Toro Energy Limited (“Toro”; ticker code “TOE”).

EL26827 is located in the Northern Territory, some 70km north along the Stuart Highway from Alice Springs (Figure 1) and can be reached by turning east off the Stuart highway at Rodgers Dam and proceeding along the Plenty Highway which traverses the licence (see Figure 2).

Situated on the Burt Plain near the western edge of the Strangways Range, Red Rock lies within the Burt Plain bioregion. The landscape of the Burt Plain bioregion is characterised by plains and low rocky ranges. Vegetation is predominantly mulga and other acacia woodlands with short grasses and forbs, and spinifex grasslands. The predominant land use is cattle grazing, with some Aboriginal land1. The climate of the Burt Plain bioregion is arid with predominantly summer rainfall. Spatially averaged median (1890–2005) rainfall is 243 mm (April to March).

Toro Energy considers the Central Australian Mobile Belt to be prospective for hardrock, calcrete and sandstone hosted uranium deposits. This area we believe has potential for these style deposits, with 1600–1700 Ma radiogenic granites and Palaeoproterozoic metasediments of the Reynolds Range Group. These units have potential for magmatic or hydrothermal uranium. The area has experienced several orogenies and subsequent foreland basin development and therefore has potential for palaeochannel uranium. It also lies within the favourable climatic belt for calcrete type uranium deposits.

2 TENEMENT
EL26827 was granted on 11th February 2009 to Toro Energy Ltd for a period of 6 years. This lease is in its first year of tenure and consists of 34 blocks covering a total area of 104.7 square kilometres.

Table 1 Red Rock Tenement Details

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Tenement_Name</th>
<th>sub blocks</th>
<th>sq km</th>
<th>Tenement_Licensee</th>
<th>Grant Date</th>
<th>Expiry Date</th>
<th>Licence Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL26827</td>
<td>Red Rock</td>
<td>34</td>
<td>104.7</td>
<td>Toro Energy Ltd</td>
<td>11-Feb-09</td>
<td>10-Feb-15</td>
<td>Toro Energy Ltd</td>
</tr>
</tbody>
</table>

1 Rangelands 2008
Figure 1 Location of EL26827 Red Rock

Figure 2 EL26827 location on 100K topo
Figure 3 Red Rock EL26827 tenement Location over 250k and 100k mapsheets

3 GEOLOGICAL SETTING

EL26827 lies within the Arunta (Aileron) region of the Northern Territory within the Proterozoic Strangways metamorphics, containing felsic and mafic gneiss, metavolcanics, metapelites. These granites and orthogneisses are notably highly-radiogenic within the Reynolds and Strangways Ranges, hosting numerous veins and pegmatites with anomalous uranium and thorium. Locally, the Aileron Province rocks are overlain by a veneer of Tertiary to Recent clastic sequences.
Figure 4 EL26827 over regional geology (NT geology regions)

Figure 5 Location of EL26287 over NT_Lithinterp_2500K interpreted geology
Figure 6 EL26827 location over Alice Springs 1:250,000 geological mapsheet
The local geology in the Red Rock Bore area, as described in CR1975-0033, is ‘mostly soil covered with a few scattered outcrops of acid and basic gneisses, schists and medium grained amphibolites. The only large outcrop is banded quartz-garnet-magnetite ridge of about 1300ft in length, about one mile north-east of Red Rock Bore. The Ridge consists of narrow alternating bands of quartz and quartz-magnetite-garnet which dips steeply towards the south-west and strike approximately west north west’.

4 PREVIOUS EXPLORATION

Historical open file exploration reports are summarised briefly below and in table 2. Historical exploration was primarily focussed on base metals and gold with only CRA looking for uranium. No assays were carried out for uranium, however, Red Rock bore was gamma logged.
Figure 8 Red Rock (hatched red) overlain by historical tenements.
<table>
<thead>
<tr>
<th>TEN NUM</th>
<th>Coverage</th>
<th>Company</th>
<th>Number of Reports</th>
<th>Commodity</th>
<th>GRANTED</th>
<th>CEASED</th>
<th>Exploration</th>
<th>Comments</th>
<th>Relevance 1 to 5</th>
<th>Report_No</th>
</tr>
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<tr>
<td>A 22866</td>
<td>no record</td>
<td></td>
<td>0</td>
<td></td>
<td>20001204</td>
<td>20040729</td>
<td>car borne survey + soil samples + bore water assay</td>
<td>Target was U in fresh bedrock and sediments. Nothing anomalous was detected.</td>
<td>0</td>
<td>CR1973-0002, CR1971-0026</td>
</tr>
<tr>
<td>AP 2710</td>
<td>100%</td>
<td>CRA</td>
<td>2</td>
<td>uranium</td>
<td>19701001</td>
<td>19720930</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL 10253</td>
<td>adjacent</td>
<td>Gutnick</td>
<td>2</td>
<td>witwatersrand style Au</td>
<td>20020201</td>
<td>20030723</td>
<td>stream seds/BLEG/rockchips</td>
<td>combined report for 20- or more ELs</td>
<td>2</td>
<td>CR2003-0064, CR2004-0166</td>
</tr>
<tr>
<td>EL 1341</td>
<td>30%</td>
<td>Dampier Mining</td>
<td>1</td>
<td>Cu, Pb and Zn</td>
<td>19761108</td>
<td>19771107</td>
<td>Open file reviews</td>
<td>&quot;mineralisation is low grade and small in size&quot;</td>
<td>3</td>
<td>CR1977-0139</td>
</tr>
<tr>
<td>EL 3502</td>
<td>100%</td>
<td>CRA</td>
<td>1</td>
<td>diamonds?</td>
<td>19820420</td>
<td>19830419</td>
<td>followed up mag.targets.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EL 5267</td>
<td>60%</td>
<td>McMahon Construct</td>
<td>1</td>
<td>unknown</td>
<td>19871211</td>
<td>19881125</td>
<td>costeaned anom.</td>
<td>not much info</td>
<td>3</td>
<td>CR1989-0057</td>
</tr>
<tr>
<td>EL 58</td>
<td>50%</td>
<td>Planet Mining</td>
<td>2</td>
<td>Copper and Nickel</td>
<td>19720118</td>
<td>19750917</td>
<td>airtrace geochem.survey/IP?/drilling</td>
<td>Copper and nickel anomaly over magnetic high. Cu 891ppm and Ni 122ppm</td>
<td>3</td>
<td>CR1974-0078, CR1975-0033</td>
</tr>
<tr>
<td>EL 6832</td>
<td>50%</td>
<td>White Range Gold</td>
<td>1</td>
<td>unknown</td>
<td>19900606</td>
<td>19921007</td>
<td>unknown</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 9 Historic sampling

AP 2710 CRA, 1970-1972

CR1971-0026 CRA originally began by looking for nickel but as no ultrabasic rocks were found the exploration was directed towards uranium. 6 auger drill holes were completed and average depth encountered was 8-14ft. bottom of hole was pyroxene magnetite-granulite. No anomalous uranium values were obtained. One hole was drilled to 72ft but then terminated due to rod breakage. The hole contained sand, silt and clay. Bore water sampled at the Red Rock Bore contained 3.1ppb uranium. Depth to water was 140ft.

CR1973-0002 Car-borne scintillometry as well as gamma logging of water bores. Nothing anomalous was detected and the ground was recommended for relinquishment.
EL 58 Planet Mining 1973-1975

CR1974-0078, January 1974, reports the interpreted findings of an AIRTRACE (airborne geochemical analyses) survey carried out during 1973. AIRTRACE is an instrument used to provide information on the atmospheric distribution of certain elements, in this case lead, mercury, copper, nickel and zinc as well as organic compounds. Some anomalous areas were defined by this survey and proposed follow up included stream sediment sampling and soil reconnaissance geochemistry. The AIRTRACE survey was undertaken in conjunction with magnetics.

CR1975-0033 contains the final report for Planet Mining for EL 58. The AIRTRACE anomalies as defined in the previous report were found to follow through the creek which drains the mineralisation. The Red Rock Bore area was found to give a strong magnetic response as well as excellent correlations for copper, lead and zinc. Soil sampling was undertaken. Costeans were cut to obtain fresher soil samples in some areas.

Ground magnetometer survey was used and found that the highest magnetic anomaly didn’t coincide with outcropping rock but is south west of the outcrop and parallel to it. Geochemical anomalies at this location are inferred to be due to a shear zone.

IP survey was also carried out. Areas of high gradient chargeability adjacent high gradient resistivity were interpreted as contact of basic granulites and quartz-biotite-sillimanite gneisses next to disseminated sulphide units. The overburden is not conductive and water had to be used at each electrode station.

A locality within the tenement called Red Rock Mountain was sampled and assayed for copper and nickel. Maximum values obtained were copper-891ppm and nickel-122ppm. The area of maximum copper value in the Red Rock Mountain area was coincident with a magnetic high as defined by the ground magnetometer survey.

EL 1341 Dampier Mining 1976-1977

CR1977-0139 is the final report by Dampier Mining who was exploring for copper lead and zinc. The report outlines a review of work carried out by previous explorers in the region. No on ground work by Dampier mining was carried out.

EL 1889 Triako Mines 1979-1980
CR1979-0057, April 1979. Exploration model based on massive sulphide deposits/ stratiform in South Africa. It was postulated that mineralisation present would be syngenetic-volcanogenic, sedimentary-diagenetic or the result of regional metamorphic processes. Exploration proposed included extending costeans geological mapping, drilling to obtain bedrock samples, ground magnetics and RRIMP (Rapid Reconnaissance Induced Magnetic Polarisation) survey.

CR1979-0161 Oct 1979 is a technical report submitted by Triako Mines outlining exploration undertaken on 4 combined prospects. They were exploring for copper lead and zinc. IP and magnetometer surveys were used to identify anomalous areas. Soil, bedrock channel and rock-chip channel geochemical samples were collected. An anomalous zone was identified which contained 385ppmCu, 1538ppmPb and 1160ppmZn. Percussion drilling to test the magnetic anomalies were planned.

CR1980-0009, January 1980. This report is a summary of the exploration undertaken by Triako for a twelve month period. It outlines geochemical results of soil and bedrock for copper, lead and zinc values. Triako noted that the BMR drilled 3 holes with the following results:

<table>
<thead>
<tr>
<th>HOLE NO</th>
<th>Interval(m)</th>
<th>Length(m)</th>
<th>Ave Grade: Cu%</th>
<th>Pb%</th>
<th>Zn%</th>
<th>Ni%</th>
<th>Ag(ppm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDH 1</td>
<td>65—103</td>
<td>38</td>
<td>0.4 0.51 0.95</td>
<td>-</td>
<td>3.63</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best Assay</td>
<td>1.5</td>
<td>0.6 0.79 3.10</td>
<td>-</td>
<td>5.2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>DDH 2</td>
<td>70—85</td>
<td>15</td>
<td>0.41 0.66 0.53 0.22</td>
<td>3.63</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Best Assay</td>
<td>0.6</td>
<td>0.55 1.68 2.25 0.34</td>
<td>9.1</td>
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<td></td>
</tr>
<tr>
<td>DDH 3</td>
<td>60—84</td>
<td>24</td>
<td>0.23 0.51 1.22 0.20</td>
<td>2.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best Assay</td>
<td>0.6</td>
<td>0.67 2.32 9.95 0.4</td>
<td>16.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Drillhole coordinates were not provided but were located on the Red Rock Bore Prospect. Using CoreDAT, the location of all 3 are reported to be at MGA94; E372098 N7446873

**Ground magnetics and RRIMP** was undertaken and areas of interest were defined, in particular an area surrounding the Red Rock Bore.

CR1980-0095, April 1980. This report is a summary of exploration done up to that point. Triako state their aim to investigate **low grade stratiform deposits of copper, lead and zinc**. Drilling is proposed and the aim is to test the magnetic target that has been defined by the previous geophysical methods they have used. Magnetic anomaly was found to result from quartz-feldspar-biotite (phlogopite)-cordierite-sillimanite-magnetite gneiss.
Figure 10 Cross section compiled by Triako mines showing their interpretation of the section of rock producing the anomalous geophysical and geochemical results.

CR1980-0151, July 1980. Drill-hole DD4 intersected the known mineralised horizon but could not upgrade the prospect by any significant values. Coordinates in CoreDAT are the same for the aforementioned holes; MGA94; E372098 N7446873. At 213-224 meters depth the best geochemical results obtained were, 0.42% Cu, 0.47% Pb, 1.69% Zn, 6.3g/t Ag and 0.03g/t Au. The central magnetic conductor from the RRIMP surveys was found to be related to disseminated magnetite of 1% volume within the aforementioned quartz-feldspar-biotite (phlogopite)-cordierite-sillimanite-magnetite gneiss.
Figure 4 Location plan of Red Rock prospect as explored and compiled by Triako. It shows the location of the Red Rock Bore at which the anomalous DD4 was drilled.

**EL 3502 CRA 1982-1983**

CR1983-0152 is the final report for CRA Exploration. They carried out a close spaced (300m) **airborne magnetometry** survey to define a prominent magnetic response. This magnetic response was originally thought to be carbonatite. They concluded that the magnetic source is greater than 100m depth and likely to be magnetite bearing granulites. Drilling was not pursued and the tenement was recommended for relinquishment.

**EL 5267 MacMahon Construction 1987-1988**

CR1989-0057 is a first and final report from MacMahon Construction. Their exploration aim was to use modern electro-geophysical techniques to test for a large concealed sulphide body. 3 X 3.5m deep costeans were dug but failed to find quartz or lode structures. Iron rich material was believed to be a weathered basic. Only weak anomalies were interpreted from the geophysics, drilling was considered un-warranted and the licence was surrendered.
EL 6832 White Range Gold 1991

CR1991-0603 is an exploration report summarising initial reconnaissance exploration undertaken by White Range Gold. The main area of interest was the magnetic anomaly also mentioned in various other reports. No further work is reported apart from historic data reviews, aerial photo acquisitions, ground mapping including use of magnetics and geophysical interpretation. They conclude that the area mapped may represent the southern portion of a larger target.

EL 8125 Roebuck/ Pasminco 1994- 1996

CR1995-0821 Summarises the potential for Cu-Pb-Zn-Ag-Au mineralisation. The company recommended bedrock drilling and geochemical soil sampling. Results of mapping geochemical soil values around the Red Rock Bore prospect were contained in this report. No new anomalies were established but further testing of the underlying rocks was recommended due to promising results from the soil samples. Samples were analysed for copper, arsenic, tin and lead.

CR1996-0920 Pasminco signed a joint venture agreement with Roebuck Resources. Soil samples were taken along areas of interest at 200m spacing along with a further six soil samples spaced at 500m along a clearing intended for a railway line. Samples were analysed for base metal elements but not for uranium. The results pointed back to anomalies of copper, lead and zinc already known in the region. The location of these soil samples were taken from lines trending north from AMG 7449250N 374160E and AMG 7449380N 373540E.

RC holes (16) were drilled at the Red Rock prospect. The aim of the drilling was to test the lode at 100m intervals. The mineralisation is again interpreted to be at the contact between metasediments and mafic gneisses. Further drilling was planned to be undertaken. This would include RAB, RC and diamond drilling. They concluded that Red Rock Prospect contains significant Pb-Zn values in a quartz-garnet lode between metasediments and mafic gneisses. Alteration of the sediments was the geophysical tool used to guide the exploration.

CR1997-0471 is the relinquishment report for Pasminco. Tenement size was reduced from 70 blocks to 35. It contains information from stream sediment samples that were collected during year Oct95-Oct96. Images were generated from aeromagnetic data for geophysical interpretation. No geochemical or geophysical anomalies were obvious within the relinquished portion of the tenement. Stream sediments were sampled at -80# fraction with no significant anomalies found. Aeromagnetic interpretation failed to locate any features of significance.
*The portion of the tenement that was not relinquished contains the copper-lead anomalies as per all other reports in this document. No further reports from Pasminco have been located that may indicate any progress in exploration of this tenement.

**EL 8320 Roebuck/ Pasminco 1993-1996**

*this tenement is a very small area which lies adjacent to the northern boundary line of the previous tenement summarized. It reads as though some information for both adjoining tenements overlap into these reports.

CR1994-0827  Geochemical sampling of soil was undertaken and returned anomalous values for lead, copper, arsenic and tin. Bedrock sampling was recommended to test subsurface stratigraphy for base metals and gold. Depth to basement is interpreted to be around 60 m above the magnetic anomaly. The 86 samples that were collected were of magnetic lag, pisolites and magnetite.

CR1996-0171 is a relinquishment report for Roebuck Resources for an un-explored area within the EL 8320 tenement. No new information is reported.

CR1996-0201 is an annual report for Roebuck Resources. It includes the joint venture agreement with Pasminco who are currently reprocessing aeromagnetic data. The report outlines a proposal for future exploration including interpretation of aeromagnetic data, ground magnetic surveys, soil geochemistry and drill testing of the target.

CR1997-0082 is the third annual and final report from Pasminco JV with Roebuck Resources. Soil sampling for geochemistry, conventional and MMI was carried out. Detailed ground magnetics and modelling of magnetic sources was also undertaken. The magnetic data showed that the source was deep and therefore was not drilled.

Soil geochemical results assayed for a variety of elements but not uranium. It does however show results for vanadium.

The line traversed at 372300mE over an interpreted magnetic anomaly (Fig 5 and Table 1)

**EL 10253 Gutnick Resources 2002- 2003**

CR2003-0064. This report from Gutnick Resources contains financial expenditure details. The only exploration undertaken so far has been data reviewing and employment of CRC LEME to address the best methods for exploration undercover.
CR2004-0166, contains a combined surrender report for a number of tenements within what Gutnick Resources have termed the ‘Rand Project’. Gutnick was in a joint venture with Johnson’s Well Mining. Gutnick had been exploring for gold and base metals. They used geochemical surveying such as stream sediment sampling, base of slope samples and rock chip samples. 510 stream sediment samples were collected. ‘Reconnaissance rock chip sampling conducted during the stream sediment program returned several anomalous gold and silver values with maxima of 25ppb and 5ppm respectively. Maximum values for other metals include 350ppm arsenic, 1000ppm copper, 32ppm bismuth and 16.5ppm antimony.’ (C Washburn, CR2004-0166) 14 base of slope samples and 70 rock chip samples were collected concurrently. No work was actually carried out on EL 10253.

EL22528 Elkedra Diamonds 2004
CR2004-0305
The ‘Altjawarra Craton Diamond Project’ Final Relinquishment Report for period ending May 23, 2004 for EL 22528 (Mount Ultim).’

EL22528 lies adjacent to Derry Downs and on Map Sheets; Huckitta SF5311, Macdonald Downs 5953 and Arapunga 6053. Airborne magnetic anomalies were acquired from the Northern Territory Geological Survey (NTGS) and digitally run through various software models to pinpoint specific areas of interest. The conclusion reached was that the tenement does not contain any large “bulls-eye” anomalies likely to be due to large diatremes.

Of the 31 photo feature anomalies identified from a detail photo interpretation study none were considered as priority targets representing potential volcanic pipes. Stream sediment sampling confirmed previous reports that moderate-Cr chromites were present in the modern day drainages and mineral chemistry results suggests a mantle-derived source for these grains. Although indicator minerals and previous open file data indicates a possible source could lie within the tenement area, the presence of Devonian conglomerates indicates a possible secondary detrital source of the chromites with an original source possibly from Proterozoic basement rocks to the South. Isotope dating of detrital grains from two sedimentary rock samples supports this hypothesis. Difficulties associated with tracing indicator mineral sources within sediment-covered areas and logistical access difficulties rendered the tenement low priority in terms of diamond exploration within Elkedra’s regional Altjawarra Craton project and no further work was currently warranted.
1 CR1989-0781
Exploration consisted of a follow-up of photo features. Ground inspection failed to find evidence suggesting that the features were surface expressions of Kimberlite intrusion. Sixty nine loam samples were collected and analysed for the presence of kimberlitic indicator minerals and microdiamonds. Results were not yet available to be recorded within this report. Fifty four drainage gravel samples were collected. Chromite found in samples 821620 and 821621 in the south of the Exploration Licence were believed to have been derived from ultramafic bodies in the Arunta Complex. Chromites reported from sixteen loam samples collected in the north of the Exploration Licence were interpreted to be shed from sources hosted by the Devonian Dulcie Sandstone.

2 CR1990-0469
This is the final report by CRA Exploration. Significant chromite clusters were defined in the drainage throughout the north of the EL coincident with the Dulcie Sandstone. These chromites were determined to be unlikely of kimberlite origin. Their source has not been located, however, a secondary source was been postulated to be the Dulcie Sandstone.

5 EXPLORATION OBJECTIVES
After reviewing the available data and reports, Toro propose that the principal objective for this tenement is to determine the potential for calcrete/sandstone hosted uranium deposits within the palaeochannel system evident on Landsat imagery.

6 EXPLORATION COMPLETED
Exploration during the reporting period consisted primarily of a desk top study of the available historic open file information. No ground activities were carried out, apart from a brief reconnaissance visit in mid 2009 to determine logistics and meet the pastoralists. Toro is currently seeking an agreement with the Traditional Owners prior to any ground disturbing work.

8 EXPLORATION EXPENDITURE
Expenditure incurred during the first year of term for EL26827 was $2,416.60 (see associated Expenditure Report). These expenditure figures exclude DPIFM rent and legal costs. For the upcoming year, Toro are expecting to spend approximately $40,000 on EL26827.

9 EXPLORATION PROPOSED
The exploration programme for the upcoming reporting period is planned to include 1000m of aircore drilling over interpreted palaeochannel (see figure 6).