EL 26542, Sandover
Final Technical Report for Period
27th June 2008 to 3rd June 2011

<table>
<thead>
<tr>
<th>Titleholder</th>
<th>Toro Energy Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator</td>
<td>Toro Energy Ltd</td>
</tr>
<tr>
<td>Tenement Agent</td>
<td>Austwide Mining Title Management Pty Ltd.</td>
</tr>
<tr>
<td>Title</td>
<td>EL26542 Sandover</td>
</tr>
<tr>
<td>Project</td>
<td>Sandover</td>
</tr>
<tr>
<td>Report Title</td>
<td>EL26542 Sandover Final Technical Report for Period 27th June 2008 to 3rd June 2011</td>
</tr>
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<td>Corporate Author</td>
<td>Toro Energy Ltd</td>
</tr>
<tr>
<td>Target Commodity</td>
<td>Uranium</td>
</tr>
<tr>
<td>Date of Report</td>
<td>30th June 2011</td>
</tr>
<tr>
<td>Datum</td>
<td>GDA94 Zone 53</td>
</tr>
<tr>
<td>250k Mapsheets</td>
<td>Alcoota SF53-10</td>
</tr>
<tr>
<td>100k Mapsheets</td>
<td>Utopia 5853</td>
</tr>
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</tr>
</tbody>
</table>
Summary

This Final Annual Technical Report for the Sandover tenement covers work carried out during tenure from 27th June 2008 to 3rd June 2011. Exploration activities during the period have involved:

- No on ground technical work has been carried out.
- Airborne SkyTEM survey carried out July 2010, covering a broad swath of the Delny-Sainthill Fault Zone.
- MMP submitted and approved for drilling.
- Native Title negotiations are also in progress with the Central Land Council and a draft Exploration Agreement in place.
- CLC Sacred Site Clearance determined that lack of access to key SkyTEM targets severely downgraded the prospectivity of this licence.
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Tables

1 Sandover tenure details

2 Historical exploration summary table
This report outlines the work conducted within the exploration tenement EL26542 during 2008-2011 by Toro Energy Limited ("Toro"; ticker code "TOE"). This tenement belongs to a group of semi-contiguous tenements held by Toro Energy that are collectively known as the Sandover Project.

EL26542 is located 200 km north-northeast of Alice Springs (Figure 1) in the Arunta, Aileron province on the 1:250,000 Alcoota SF53-10 and 1:100,000 Utopia 5853 map sheets.

The Arunta 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 to central end of the Aileron Province and incorporates largely hilly country in the south and dissected low hills at the headwaters of the Sandover and Bundey Rivers in the north.

Access from Alice Springs is 55km North along the sealed Stuart Highway and then east along the Plenty and then Sandover Highways. The tenement lies adjacent to these highways. Access within the tenement is via station tracks and various unformed access tracks within the tenement. Hilly areas can only be accessed on foot or by helicopter.

**2 TENEMENT**

EL26542 consists of 89 blocks covering a total area of 269.1 square kilometres and was granted on 27th June 2008 to Toro Energy Ltd for a period of 6 years. Exploration Licence 26542 forms part of Toro’s Sandover Project. This lease was surrendered on the 3rd June 2011.

<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>Surrender Date</th>
<th>Licence Manager</th>
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<tr>
<td>EL26542</td>
<td>Sandover</td>
<td>89</td>
<td>269.1</td>
<td>Toro Energy Ltd</td>
<td>27-Jun-08</td>
<td>03-Jun-11</td>
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</table>
Figure 1 location of Sandover Project area

Figure 2 Sandover tenement on topography.
3 GEOLOGICAL SETTING

The Sandover project lies within the Arunta/Aileron region of the Northern Territory. Basement is comprised of Palaeoproterozoic to Mesoproterozoic metasedimentary and granitic rocks assigned to the Aileron Province, including the Strangways Metamorphic Complex and 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. These rocks are overlain by Neoproterozoic to Carboniferous sediments of the Georgina Basin to the north of the tenements (fig.3). Locally, the Aileron Province rocks are overlain by a veneer of Tertiary to Recent clastic sequences.

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 west, occurs in phosphatic and REE-enriched metasomatitic pods and veins within the high-metamorphic-grade Lander Rock beds. This deposit is subject of ongoing feasibility studies. Uranium is also present in high grades at Bigryli (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 Ngalia Basin in the Carboniferous.

Tertiary to recent cover comprising lateritic sands and clays, calcrete and ferricrete is common in low lying areas occurring at depths in the order of 70m (drilling). Some calcrete shows replacement by chalcedonic silica and this silcrete has been demonstrated to be uraniferous, with a chip sample grading 500ppm. The present static watertable is located significantly below the base of calcrete which is thus 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.

Within the tenement, (Alcoota 250K mapsheet) the geology consists of Palaeoproterozoic Delmore Metamorphics (calc-silicates, gneiss and quartzite) unconformably overlain by Mesoproterozoic Ledan schists, quartzite, amphibolite and metamorphic conglomerates. These are intruded by gneissic biotite granites, quartz veins and pegmatites (occurring as low conical hills – Jays CR 1981-0196). The origin of the veining is presumed to be hydrothermal activity associated with emplacement of the Upper Proterozoic Mt Ida granites to the west (CR 1981-0196). Tertiary aged sedimentary cover is interpreted to be part of the Waite Formation.
Figure 3 Location of Sandover tenement over NT 2500K interpreted geology and faults.
4 PREVIOUS EXPLORATION

Previous work that has been carried out is summarised in Table 1. The historical exploration reports are summarised briefly below in table 2. See last year’s Annual Report for details.

Figure 4 Sandover tenement overlain by historical tenements and open file exploration drill-holes; all are auger.
<table>
<thead>
<tr>
<th>Tenement Number</th>
<th>Coverage</th>
<th>Company</th>
<th>No.of Reports</th>
<th>Commodity</th>
<th>GRANTED</th>
<th>CEASED</th>
<th>Exploration</th>
<th>Comments</th>
<th>Priority</th>
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<td>AP 2162</td>
<td>30%</td>
<td>Central Pacific Minerals</td>
<td>1</td>
<td>Au/Cu/Pb/Zn/Ag</td>
<td>19681209</td>
<td>19701208</td>
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<td>Shear zone with low grade Cu mineralisation. Qtz breccias/hematite-chlorite breccias</td>
<td>3</td>
<td>CR1970-0098</td>
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<tr>
<td>EL 1452</td>
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<td>Otter</td>
<td>1</td>
<td>U</td>
<td>19770401</td>
<td>19780331</td>
<td>radiometric survey? (or used state stuff)</td>
<td>Anoms caused by K and Th</td>
<td>3</td>
<td>CR1978-0047</td>
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<td>Otter</td>
<td>3</td>
<td>U</td>
<td>19770401</td>
<td>19790331</td>
<td>Radiometrics, rock samples</td>
<td>Found U anomalies in rocks and water bore</td>
<td>4</td>
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<td>19800424</td>
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<td>19810912</td>
<td>19820911</td>
<td>unknown</td>
<td>geochem anomalies not of economic significance</td>
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<td>EL 32</td>
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<td>Base metals</td>
<td>19720321</td>
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<td>unknown</td>
<td>&quot;results unpromising&quot; and tenement relinquished</td>
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<td>EL 5902</td>
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<tr>
<td>EL 9806</td>
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<td>3</td>
<td>Au/IOCG/Cu</td>
<td>20021118</td>
<td>20071017</td>
<td>rockchips/desktop compilation</td>
<td>worth a look for historical compilation</td>
<td>3</td>
<td>CR2005-0604,CR2006-0577,CR2007-0595</td>
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</table>

Table 2. Summary of previous exploration activity around the Sandover Project
5 EXPLORATION OBJECTIVES

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

1. Determine the likelihood of economic ‘hard-rock’ IOCG and U mineralisation in the Palaeoproterozoic granites and gneisses. This should include identification of labile uranium species and phosphatic facies.
2. Identify potential palaeochannel sediments in the Tertiary (inc Waite Formation) and determine if there are reduced facies or evidence of redox changes.
3. Determine the characteristics of radiometric anomalies present in the Government datasets.

6 EXPLORATION COMPLETED

2008/2009 –

- An historical data review comprising acquisition and assessment of all available open file reports and data.
- Field exploration activities conducted by Toro Energy on this tenement during the reporting period comprise only reconnaissance 4WD and foot traverses. No samples were collected and analysed.
- Native Title negotiations progressed with the Central Land Council with a draft Exploration Agreement in Toro’s hands. (Toro actively seek an Exploration Agreement be in place prior to any ground disturbing work.)

2009/2010 –

- Toro had arranged an AEM survey to cover this and adjacent tenements in 2009, but due to contractor error, this survey was located incorrectly and the data are invalid. It was decided not to directly re-fly the survey and instead, a dedicated heliborne SkyTEM survey comprising 226.5 line km was flown during July 2010 over the interpreted Delny-Sainthill Fault system (the ‘Perenti’ survey (figures 5 & 6). The EM survey was flown to determine the nature of conductivity and whether these areas have potential to host IOCG or massive sulphide-associated base metal mineralisation. An MMP covering work planned for four of the Sandover Project tenements including EL26542 was approved (Authorisation Number 0579-01)
A CLC Sacred Site Clearance resulted in half the survey area being “off limits”. As this off limits area contained most of the prospective SkyTEM targets, Toro decided that any further work on this licence would be of lower priority compared with the rest of the exploration portfolio and therefore the tenement was surrendered.

Figure 5 SkyTEM survey location
7 APPENDICES

SkyTEM data and Report
Digital Folder Perenti SkyTEM.zip containing folders:
100_AEM_Survey Data
200_AEM_iTEM
300_DTM
500_Base_GPS
600_Report

8 REFERENCES