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Annual Technical Report

For Period

30th March 2012 to 29th March 2013

EL 26988 (Windajong)

Titleholder	Toro Energy Ltd
Operator	Toro Energy Ltd
Tenement Agent	Toro Energy Ltd (Perth)
Title	EL 26988 (Windajong)
Project	Wiso
Report Title	Annual Technical Report for period 30th March 2012 to 29th March 2013, EL 26988 (Windajong)
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Corporate Author	Toro Energy Ltd
Target Commodity	Uranium, Copper, Gold
Date of Report	1st June 2013
Datum	GDA94 Zone 53
250k Mapsheets	Mount Peake SF53-05
100k Mapsheets	Conical Hill 5555
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1. ABSTRACT

This first Annual Technical Report for EL26988 (known as "Windajong") covers work carried out during the twelve month period from 30th March 2012 to 29th March 2013. Toro is principally seeking to discover uranium in the tenement area, but is also aware of the potential for base metals and gold. The main geological models employed are unconformity uranium, surficial uranium, palaeochannel uranium, IOCG(U) and magmatic Ni-Cu-sulphide. The geology is dominated by metasedimentary and igneous rocks of the Aileron Province, which are covered by a veneer of Tertiary sediments. A large coincident magnetic and gravity anomaly is centred on the tenement and has potential to host an IOCG deposit like those of the Gawler Craton. There is almost no outcrop in the tenement area and geophysics will be pivotal to exploration and establishing the thickness of cover. No on-ground exploration has been carried out during the reporting period, but the company has undertaken a review of historic exploration data. None of the previous explorers undertook any on-ground exploration within what is now EL26988, and there is no historic drilling of any kind, including water bores. This means that Toro is essentially starting with a "blank canvas".

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2. INTRODUCTION

This report outlines the work conducted within the exploration tenement EL26988 during the period 30th March 2012 to 29th March 2013 by Toro Energy Limited ("Toro"; ticker code "TOE").

EL26988 is located 290 km north of Alice Springs, roughly half way between Alice Springs and Tennant Creek, and 70 km due west of the Stuart Hwy (Figure 1; Figure 2; Figure 3). Access from Alice Springs is via several options, as outlined below.

The first access option is 260km north of Alice Springs, along the sealed Stuart Highway, then 90 km northwest along the Hanson River/Numagaglong station track to Prosperity Bore, and then 20 km west via old station tracks and cross-country (Figure 2; Figure 3). Alternatively, access may be better via Jarra Jarra Outstation 20 km to the north, which is accessed via the poorly-maintained Jarra Jarra Road, either from the Stuart Highway to the east or Willowra to the southwest (Figure 2; Figure 3). The turn-off from the Stuart Highway to Jarra Jarra is located 350 km north of Alice Springs, coincident with the Ali Curung turn-off. From there travel west 110 km to the Jarra Jarra turn-off. To travel via Willowra involves driving 210 km north of Alice Springs along the Stuart Highway, then 130 km northwest along the Willowra Road, and then 80 km northeast to Jarra Jarra. The tenement is very isolated and lacking internal access, so access within tenement will be via various pre-existing station and exploration tracks, hunting tracks or cross-country 4WD.

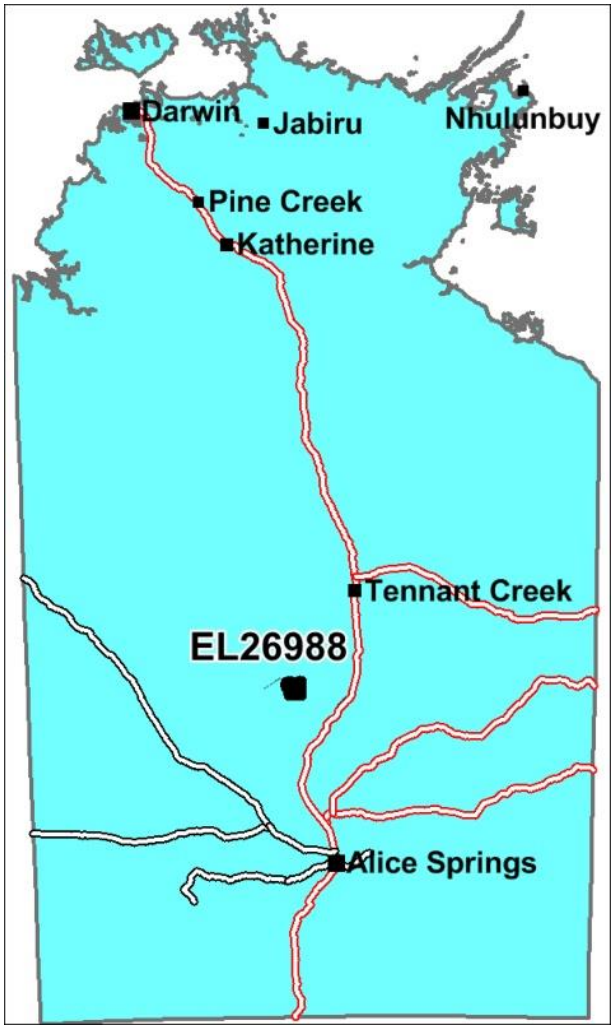


Figure 1 Location of EL26988 in the Northern Territory

The tenement covers the Mount Peake (SF53-05) 1:250,000 mapsheet area, and the Conical Hill (5555) 1:100,000 mapsheet area (Figure 4). It lies within Aboriginal Land Rights Act land entitled "Karlantijpa South Aboriginal Land Trust", administered by the Central Land Council (Figure 5). It also lies immediately north of Stirling and Anningie pastoral properties.

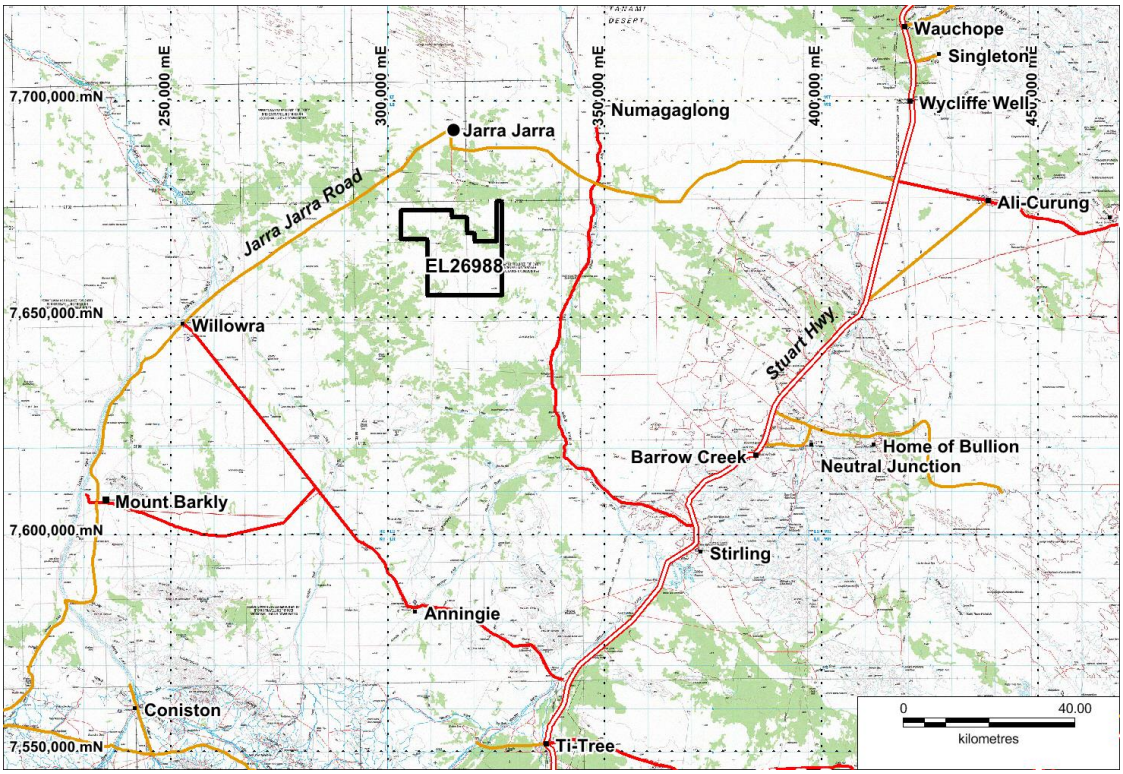


Figure 2 Location of EL26988 on 250k topographic base

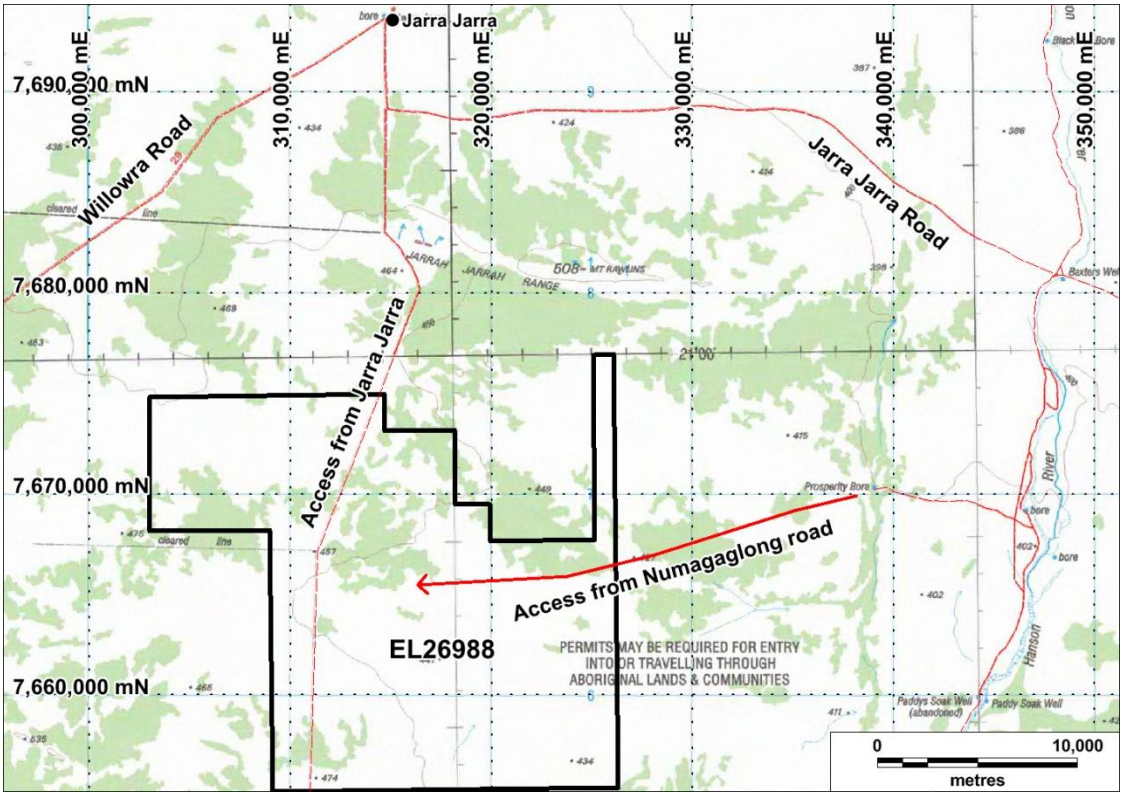


Figure 3 Location and access for EL26988

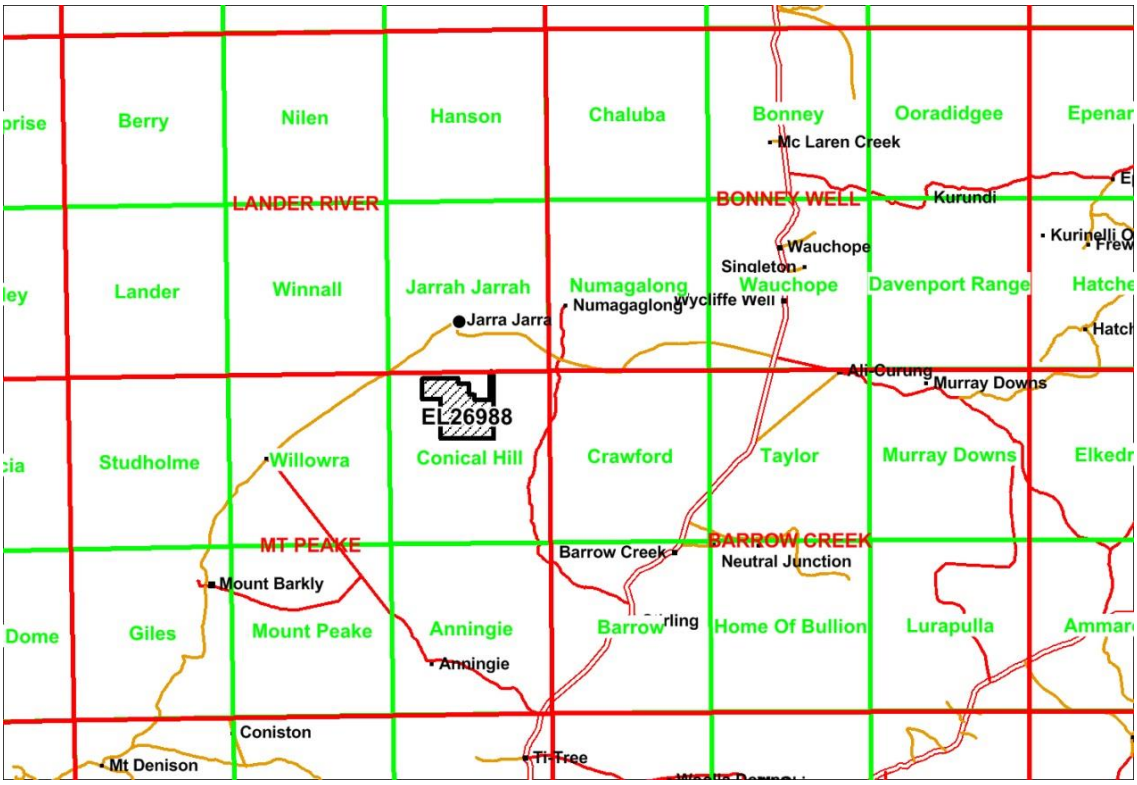


Figure 4 EL26988 location over 250k and 100k map-sheets

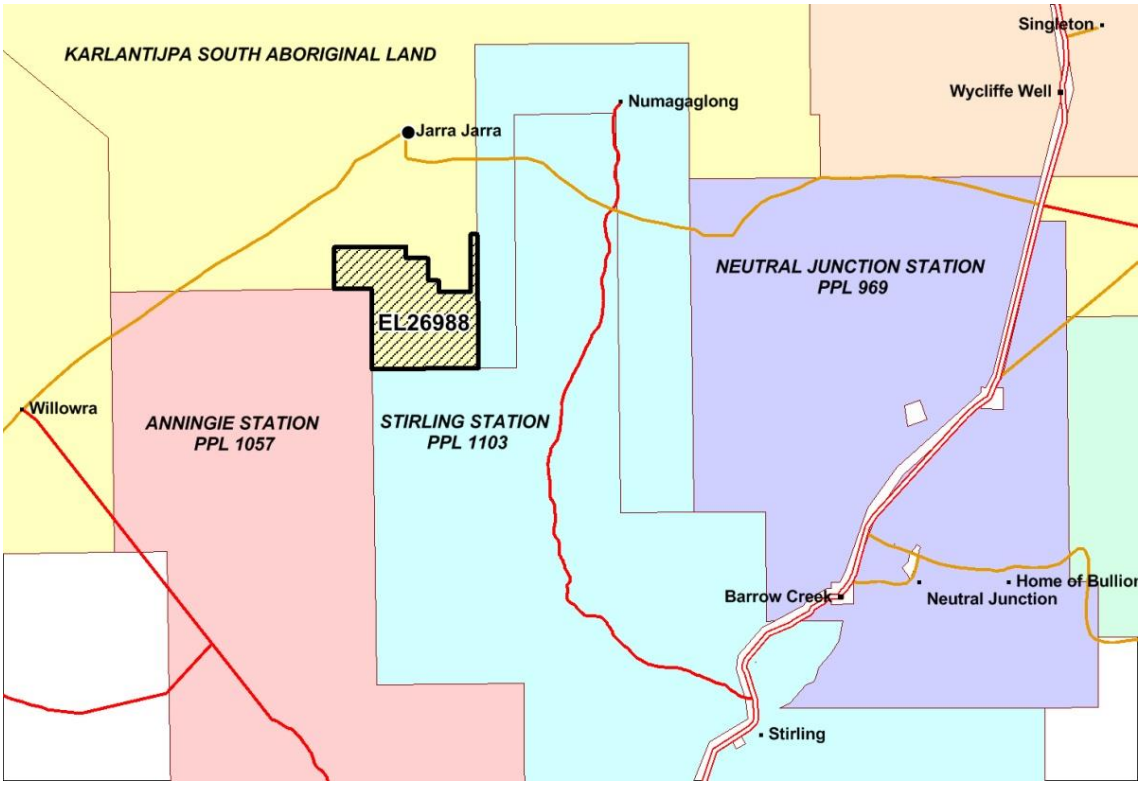


Figure 5 EL26988 in relation to Aboriginal land and Pastoral properties

The Tanami 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. EL26988 encompasses largely flat sand plains, with little topographic relief (Figure 3).

Geologically, the tenement lies within the Aileron Province of the Arunta Domain, a complex Palaeo- to Mesoproterozoic geological terrain comprising metasedimentary rocks and various phases of granite. It has a covering of Tertiary sediments of unknown thickness.

The principal objective of the exploration in this tenement is to discover a commercially viable uranium deposit, but Toro may also pursue other commodities if they become apparent during exploration and if the economic situation changes. The known uranium prospects Bigrlyi and Napperby lie within approximately 200 km and support the prospectivity of this area for these, and other, styles of uranium deposit. Toro is also exploring for palaeochannel/roll front – style uranium mineralisation within Tertiary cover. The tenement also has potential for gold and base metals (Pb, Zn, Cu, Ag), with the operating mine at Callie (Newmont) representing a good analogue for likely gold mineralisation style. Historic exploration has also identified nickel and associated cobalt and platinum group elements as potentially present in economic concentrations in the region. Geophysical data suggests Iron Oxide Copper Gold ('IOCG') style deposits are also possible in the licence area. The tenement area has received no exploration in the past for any element, although base metals and gold have been sought in adjacent areas.

3. TENEMENT

Toro Energy applied for the EL26988 on 26th September 2008. Consent to enter into negotiations with the Central Land Council ('CLC') was given on 16th January 2009 to Toro Energy. An exploration proposal was subsequently lodged with the CLC and Department of Resources (now Department of Mines and Energy; 'DME') ALRA unit in March 2009. At the request of the Company, consent was withdrawn by the Department in April 2010 to allow for modifications to the original consent document. Consent was then reissued on the 6th April 2010. The revised consent document was subsequently submitted in April 2010. The area originally applied for was larger in area, covering 145 graticular blocks (411 km^2), but part of this original area was not consented to by Traditional Owners. As a result, the non-consent area was carved off as a separate application, ELA28996, which is now in moratorium. The consented area of 117 blocks or 326.8 km2 (Table 1) proceeded towards grant via negotiation of an exploration and mining agreement with the CLC, executed on 20th October 2011. Grant took place on 30th March 2012, synchronous with two tenements to the north,

ELs 27123 and 29395, which are collectively known as the Wiso Project and are covered by the fore-mentioned access agreement. This lease is in its second year of tenure, and this report covers work carried out in its first year of tenure.

Tenement	Tenement_Name	sub blocks	sq km	Tenement_Licensee	Grant Date	Expiry Date	Licence Manager
EL26988	Windajong	117	326.8	Toro Energy Ltd	30-Mar-12	29-Mar-18	Toro Energy Ltd

Table 1 EL26988 tenement details

4. GEOLOGICAL SETTING

The area encompassed by EL26988 is covered largely in Cenozoic (Tertiary) sediments and soils, thus obscuring the nature of bedrock. Exploration drilling and DME geophysical modelling in the region suggests that the crystalline basement underneath the tenement is made up of 1850-1800 Ma Lander Rock Beds and undifferentiated granites of the same age (Figure 6). There are minor areas of 1800-1700 Ma Reynolds Range Group and similar aged granites interpreted as well. These latter rock units are widespread to the south, where they are known to be unusually radiogenic, and primary uranium mineralisation is recognised in the Reynolds Range and Nolans Bore within these units. The nature of the Tertiary sequence in this area is poorly understood, but there is potential for palaeochannels in the subsurface of this tenement.

The Arunta complex is a late Palaeoproterozoic to Ordovician succession of sedimentary, volcanic, and intrusive rocks interrupted by several tectonothermal events (deformation, metamorphism, granite production). The region comprises three provinces: Aileron Province, which makes up most of the Arunta, Warumpi Province along the south margin of the Arunta, and the triangular Irindina Province in the east. The Aileron Province consists of: (1) a basal Lander Package (1880-1840 Ma), which makes up about 60% of the north, centre, and west of the region; (2) the Ongeva Package (1810-1800 Ma) in the southeast, of unknown relationship to the Lander Package; (3) an unnamed sandstone unit above the Lander Package, with a maximum depositional age of 1820-1800 Ma; (4) the Reynolds Package, which is unconformable on the Lander Package and unnamed sandstone (Geoscience Australia, 2009).

Within the tenement, there is only a few outcrops of Lander Rock Beds in the north (Figure 7), thought to be greenschist facies metasedimentary rocks. The majority of the tenement is covered in Tertiary sediments of unknown thickness. Airborne magnetics will be crucial in deciphering the bedrock geology. The existing regional magnetic image (Figure 8) shows that there is a large magnetic high centred on the tenement. This coincides with a regional gravity high (Figure 9) and is interpreted to be a dense (mafic) magnetic "granite". This coincidence is typical of IOCG provinces and provides support for an exploration model focussing on hardrock U, Cu, Au.

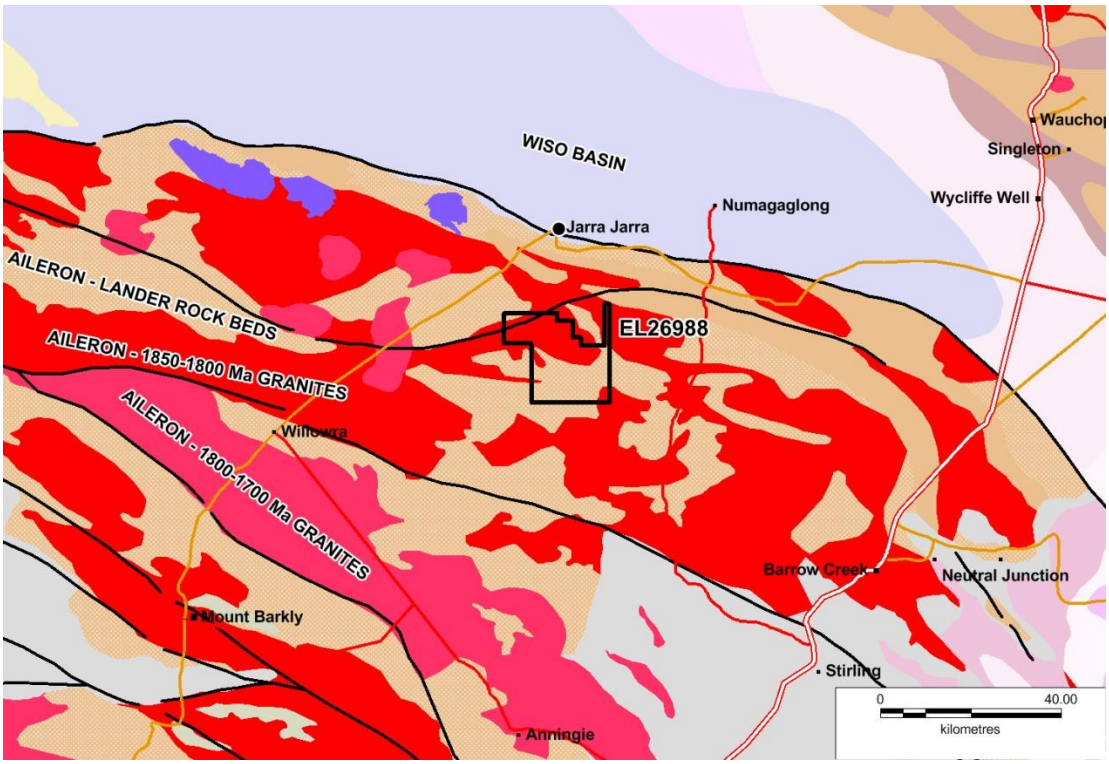


Figure 6 EL26988 over major geological units

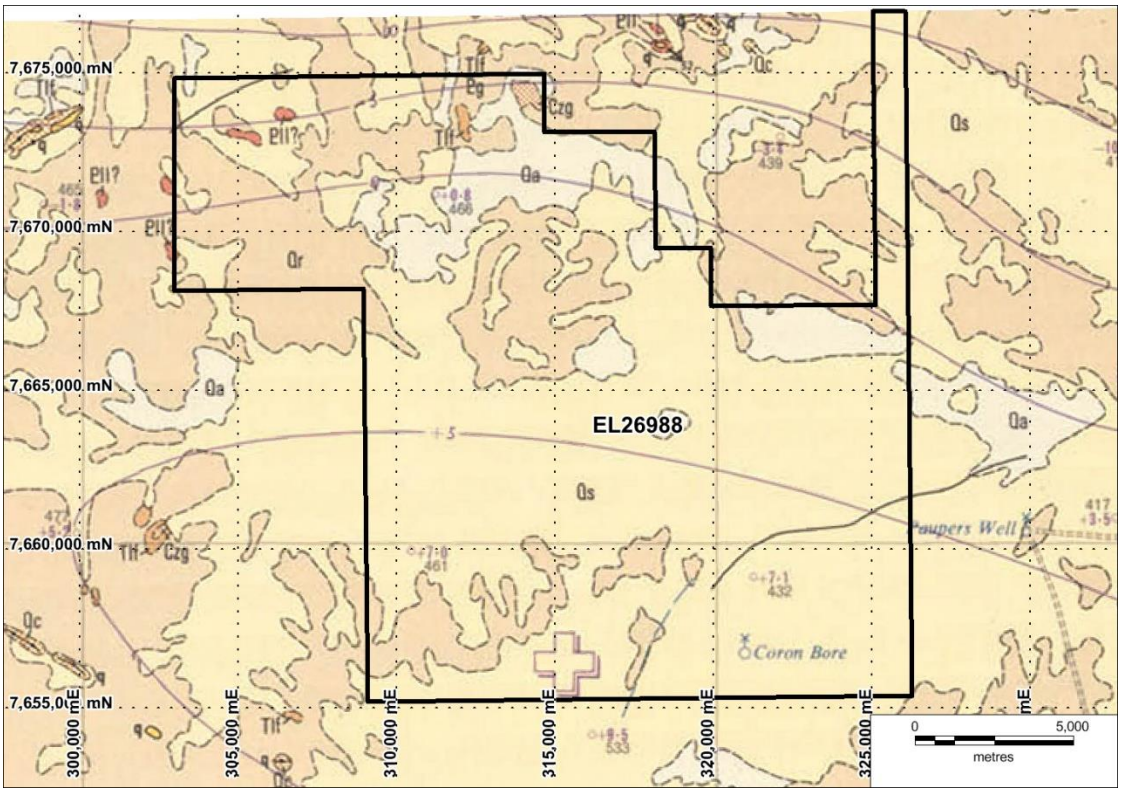


Figure 7 EL26988 on NTGS 250k scale geology.

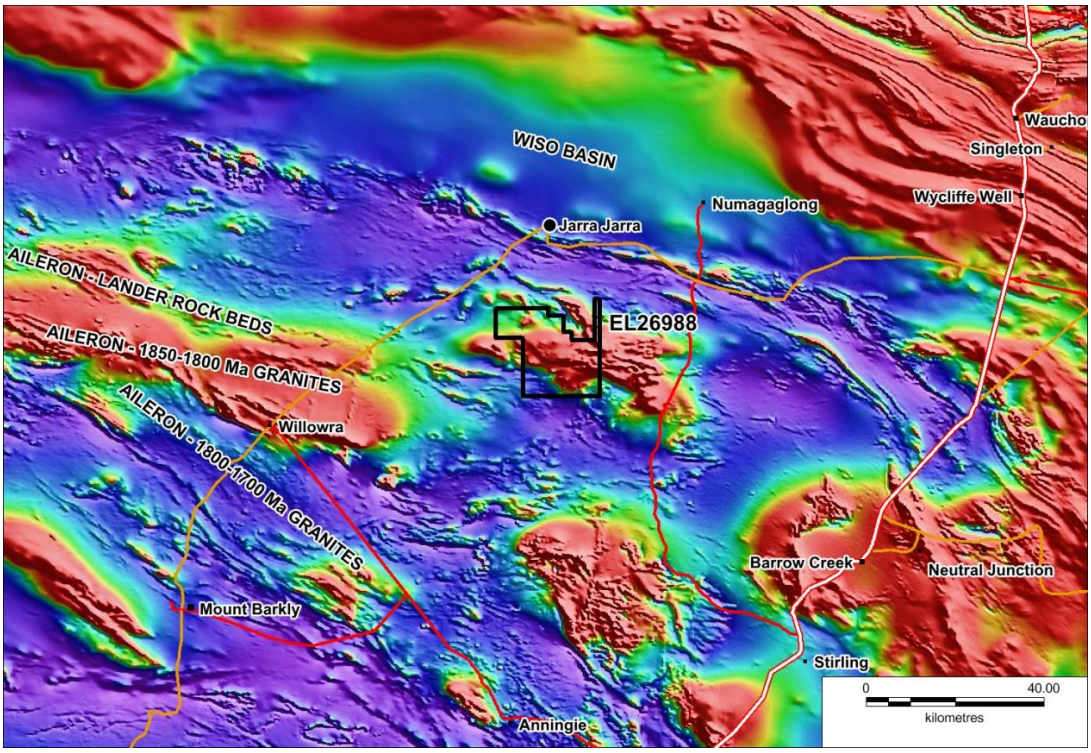


Figure 8 EL26988 over regional TMI image (labels as per regional geology map)

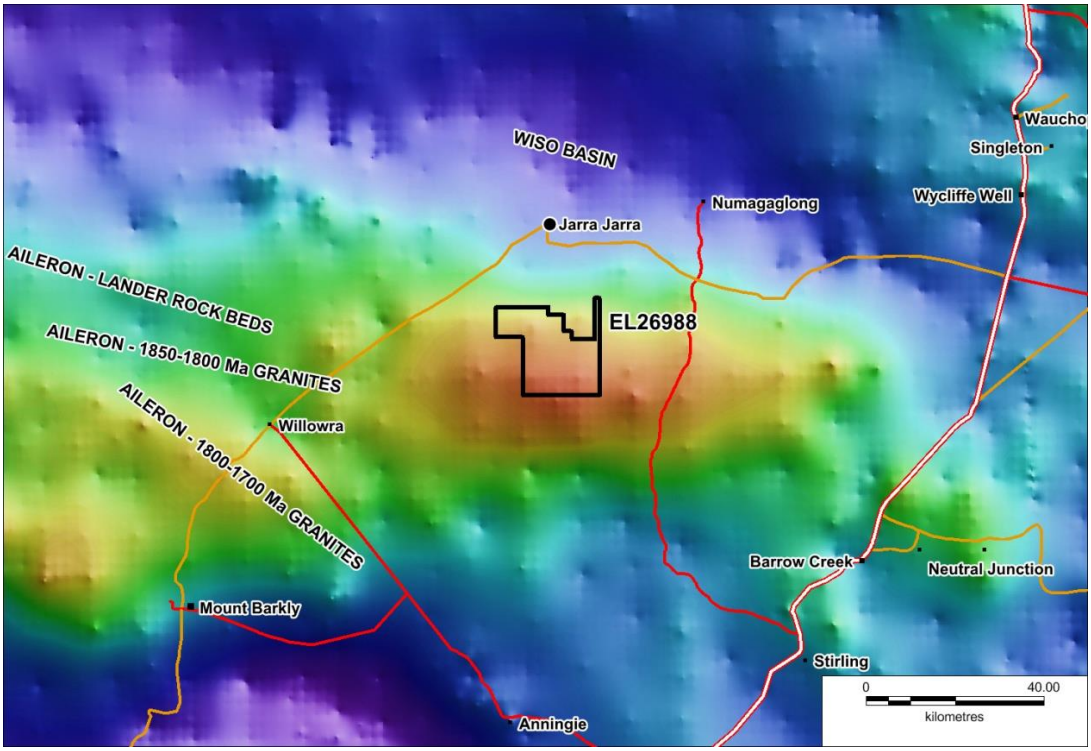


Figure 9 EL26988 over regional Gravity image (labels as per regional geology map)

5. PREVIOUS EXPLORATION

There has been limited historic exploration in the vicinity of EL26988 and no physical on-ground exploration within in. All historic tenements have minimal overlap with EL26988 (see frames below), and exploration drilling has focussed on targets beyond the current tenement boundary. Figure 10 illustrates where drilling has taken place and Table 2 provides a summary of historic exploration company work in the area.

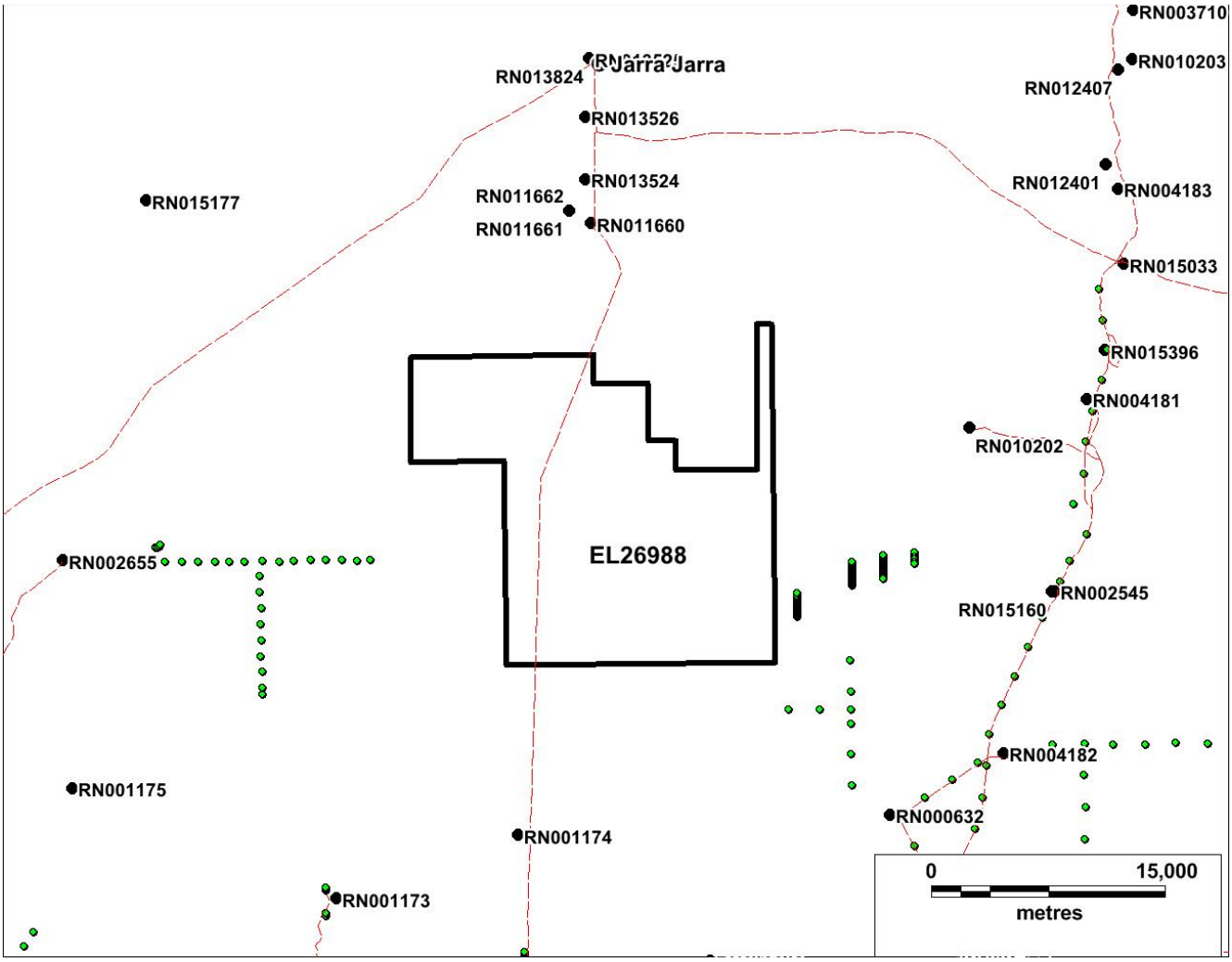


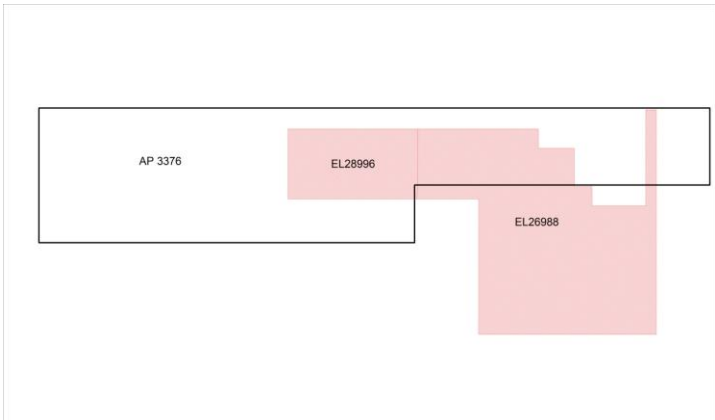
Figure 10 Spatial illustration of previous drilling in the vicinity of EL26988, including exploration drilling (green dots) and Government sponsored water bores (black dots)

Tenement	Company	Commodity	Exploration	COMPANY_REPORTS
AP 3376	Kewanee	Au/Zn/Cu	? drilling	CR1973-0051
EL 00775	Bristol Bay Oil/NT Mining Comp. Kewanee	?	Base met, air geophys, ground radiometric, geo mapp. geochem anom.	CR1972-0034,CR1973-0170
EL 05983	Stockdale Prospecting	Diam	Loam samp, stream sed samp, barrage samp, air photo, TMI maps.	CR1989-0625
EL 07777	Posiedon Gold, Normandy	Au	various drill, soil samp, geo mapp, geopchem	CR1993-0609, CR1994-0793, CR1995-0782, CR1995-0838, CR1996-0706, CR1996-0827, CR1997-0576, CR1998-0464, CR1999-0127
EL 08718	Aberfoyle	Au	Gravity, radioactivity, air geophys, remote sens. RAB drill, sattel. imag. ground mag traverses	CR1995-0703, CR1996-0758,CR1996-0857, CR1995-0839,CR1997-0727, CR1998-0653
EL 09395	Adelaide Res.	?	reconn. visit at end of first year, ?.	CR1997-0423, CR1998-0569, CR1995-0840
EL 23395	Geodiscovery group/Discovery Ni/Proto Res.	Ni, Cu,	Base met, EM, lit review	CR2004-0626, CR2005-0679, CR2006-0614, CR1995-0841,CR2008-0483,CR2008-0635
EL 23887				??

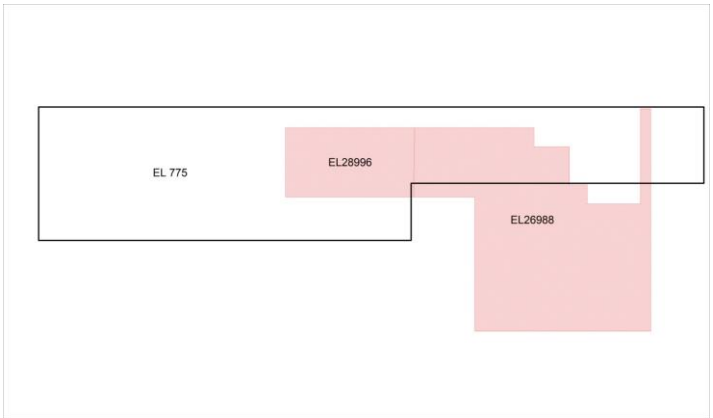
Table 2 Summary of historic exploration on or near EL26988

The following frames show the position and relative overlap of previous exploration licences with Toro's current tenement (magenta). Note that Toro's moratorium application, EL28996, is also shown (magenta).

AP3376

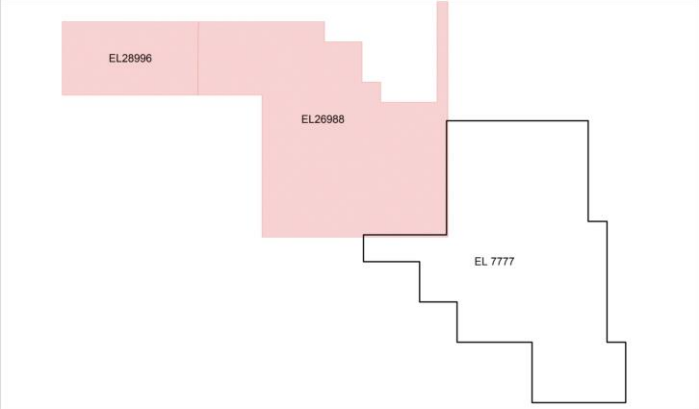


EL775

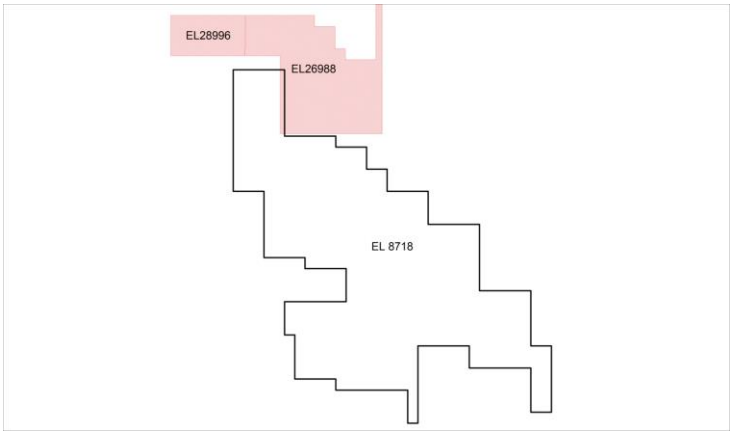


EL5983

EL7777



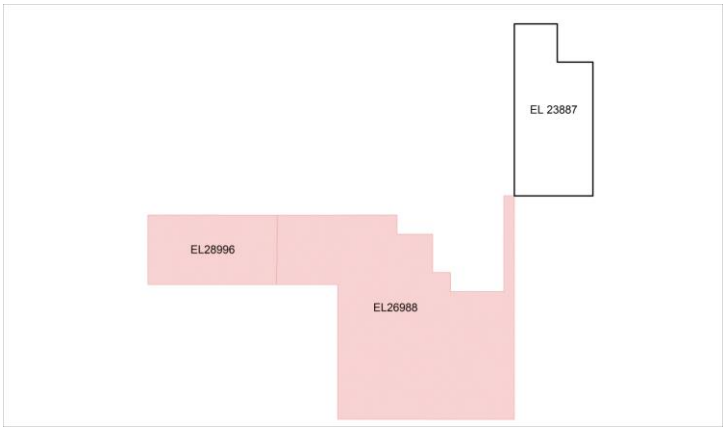
EL8718



EL9395

EL23395

EL23887



6. EXPLORATION MODEL

The area encompassing EL26988 has potential for palaeochannel and buried calcrete style uranium within the shallow (<200 m) sedimentary cover. It also has potential for a variety of styles of hydrothermal or magmatic U, P, Au, Ni, Cu, REEs, PGEs, Pb, Zn, Ag and Co mineralisation. Toro Energy's efforts in this tenement will be to establish if there are appropriate lithologies present and then to follow up geological vectors to potential trap sites. The first option is to fly airborne EM and drill regional scout or aircore holes to verify the geophysics. Geochemical data derived from this work, in combination with soil or vegetation geochemistry may then assist in vectoring. Testing of targets would likely be by aircore, mud rotary or RC drilling.

Palaeochannel Uranium

The area encompassed by EL26988 is covered largely in Cenozoic sediments and soils, thus obscuring the nature of bedrock. Exploration drilling and DME geophysical modelling in the region suggests that the crystalline basement underneath the tenement is made up of 1850-1800 Ma Lander Rock Beds and undifferentiated granites of the same age. There are minor areas of 1800-1700 Ma Reynolds Range Group and similar aged granites interpreted as well. These latter rock units are widespread to the south, where they are known to be unusually radiogenic, and primary uranium mineralisation is recognised in the Reynolds Range and Nolans Bore within these units. The nature of the Tertiary sequence in this area is poorly understood, but there is potential for palaeochannels in the subsurface of this tenement.

In the central Australian Fold Belt, there is evidence of significant remobilisation of uranium from these radiogenic rocktypes into the overlying Proterozoic, Palaeozoic and Tertiary sedimentary cover units, including the Ngalia, Amadeus and Tertiary basins. The uranium deposits at Bigrlyi, Napperby (New Well) and Angela attest to this. Clearly, this remobilisation is widespread and is interpreted to

propagate northwards from the Ngalia foreland into EL26988 and surrounding area. This foreland exhibits evidence of multiple rejuvenation and uplift events.

Palaeochannels are interpreted to have developed during the Tertiary within the foreland outwash fans north of the Reynolds Range, carrying immature detritus into locally reduced settings, perhaps sites where lignite may accumulate. Subsequent uplift events in the ranges generated topographic head and forced oxidised uranium-carrying fluids from the hinterland northward into the reduced palaeochannels. Uranium was likely to be dropped out of solution as the chemical 'roll front' moved northward. The hydrodynamics of the region may also support the view that the 'roll front' system is currently active and any uranium deposits that are present are actually forming and dispersing within the modern timeframe. The Beverley ISL uranium mine in South Australia is a good example of this type of deposit and is the analogue for Toro Energy's exploration in this tenement.

Calcrete Uranium

The area encompassed by EL26988 has potential for shallow-buried 'relict' calcrete style uranium that is obscured by Cenozoic sediments and soils. These deposits form as a result of evaporation of ground water that has been driven to shallow depths by the hydrodynamic regime. These deposits can be preserved and buried by more recent sedimentation, but most of the established deposits are near-surface. Napperby (New Well) in the Northern Territory and Yeelirrie in Western Australia are good examples of this type of deposit and are the analogues for Toro Energy's calcrete uranium exploration in this tenement.

Hardrock uranium deposits

The area encompassed by EL26988 is covered largely in Cenozoic sediments and soils, thus obscuring the nature of bedrock. Exploration drilling and DOR geophysical modelling in the region suggests that the crystalline basement underneath the tenement is made up of 1850-1800 Ma undifferentiated granites and Lander Rock Beds. These granites are known to be radiogenic in this region, and are the basis of deposit models in the Rum Jungle and Alligator Rivers uranium fields.

Large northeast-trending structures are evident on magnetic images and a number of low amplitude radiometric anomalies have been identified along them. This also favours an unconformity uranium model for this area. Ranger and Jabiluka in the Northern Territory are good examples of this type of deposit and are the analogue for Toro Energy's exploration in this tenement.

Hardrock polymetallic deposits

There are also a number of 1800-1700 Ma granite bodies present in the region, intruding the older basement units. These younger granites are widespread to the south, where they are known to be unusually radiogenic, and primary uranium mineralisation is recognised in the Reynolds Range and Nolans Bore (Arafura) phosphate-REE within these units. They also have a spatial connection with gold and base metal mineralising events in central Australia. The nearby Callie operation (Newmont)

is an example where groundwater and magmatic water have mixed along structural zones to form high grade gold deposit. Other metals such as U, P, Ni, Cu, REEs, PGEs, Pb, Zn, Ag and Co can also be mobilised and concentrated into economic deposits. Nolans Bore is a good example of this style of deposit. The large coincident magnetic and gravity highs centred on EL26988 suggest it is underlain by a large bimodal mafic-felsic igneous complex, not unlike that recognised under parts of the Gawler Craton. This provides support for an IOCG(U) model in this area.

7. EXPLORATION CARRIED OUT

During the reporting period Toro has not undertaken any on-ground exploration due to budgetary restrictions. A review of historic data has been carried out, however, indicating that base-metals and gold are more likely targets than perhaps uranium. This will be borne out in due course.

8. EXPLORATION EXPENDITURE

Expenditure incurred during the first year of tenure can be found in the associated Annual Expenditure Report.

9. EXPLORATION PROPOSED

Toro plan to undertake some small targeted Airborne Electromagnetic (AEM) surveys over EL26988 in the coming year. These are aimed at identifying the following:

1. A reasonable thickness of groundwater-bearing Tertiary sediments that might support the palaeochannel model;
2. Conductive features in basement that might correlate with IOCG or magmatic-sulphide bodies within mafic bodies below the Tertiary;
3. Depth to basement to allow for efficient planning for future drilling.

An alternative if AEM is not cost-effective is ground gravity to further define the gravity pattern of the tenement, which would assist greatly in planning IOCG exploration.

In subsequent years, Toro would then plan to drill either aircore, RC or mud rotary (depending on availability) holes to test these models.

10. CONCLUSIONS AND RECOMMENDATIONS

During the reporting period, Toro has not undertaken any on-ground exploration on EL26988 due to budgetary restrictions. A review of scarce historic data has been carried out, indicating no previous drilling has been carried out on the tenement, but suggesting that base-metals and gold are more likely targets than uranium. Regional data support an IOCG(U) model as the most likely. To test out the proposed exploration model, Toro plan to acquire AEM or ground gravity over targeted parts of the tenement in the upcoming year.

11. REFERENCES