TORO ENERGY LIMITED

Principal Office
3 Boskenna Avenue
Norwood SA 5067
Australia
t +61 8 8132 5600
f +61 8 8362 6655

Perth Office
Level 2, 16 Ord Street
West Perth WA 6005
Australia
t +61 8 9321 1411
f +61 8 9226 2958

EL 26545 Derry Downs
Annual Technical Report for Period 10th July 2008 to 9th July 2009

Titleholder	Toro Energy Ltd
Operator	Toro Energy Ltd
Tenement Agent	Austwide Mining Title Management Pty Ltd.
Title	EL26545 Derry Downs
Project	Sandover-Plenty
Report Title	EL26545 Derry Downs Annual Technical Report for period 10th July 2008 to 9th July 2009
Author(s)	David Rawlings, Senior Project Geologist BSc(Hons), PhD, AUSIMM Caroline Sullivan, BSc (Hons),Tenement Manager/Geologist
Corporate Author	Toro Energy Ltd
Target Commodity	Uranium
Date of Report	1st August 2009
Datum	GDA94 Zone 53
250k Mapsheets	Huckitta SF53-11
100k Mapsheets	Macdonald Downs 5953
Contact Details	Toro Energy Ltd, 3 Boskenna Avenue Norwood SA 5067 Phone: 08 8132 5600 Fax: 08 8362 6655 Web: www.toroenergy.com.au
Email (technical)	david.rawlings@toroenergy.com.au
Email (expenditure)	caroline.sullivan@toroenergy.com.au

Summary

This first Annual Technical Report for Derry Downs covers work carried out during the twelve month period from 10th July 2008 to 9th July 2009. Exploration activities during the period have involved

- An historical data review comprising acquisition and assessment of all available open file reports and data.
- A brief reconnaissance field trip in July 2008 involved meetings with landowners, GPS recording of unmarked tracks and general assessment of the area in terms of fieldwork planning once the survey is complete.
- Native Title negotiations are also well advanced with the Central Land Council. Toro are actively seeking an Exploration Agreement be in place prior to any ground disturbing work.

Table of Contents

Figures

Tables

1 INTRODUCTION

This report outlines the work conducted within the exploration tenement EL26545 during 2008-2009 by Toro Energy Limited ("Toro"; ticker code "TOE").

EL26545 is located 200 km north-northeast of Alice Springs (Figure 1) in the Georgina (Basin) Region on the 1:250,000 Huckitta SF53-11 and 1:100,000 Macdonald Downs 5953 map sheets.

The Georgina Basin 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. Locally this tenement lies at the southern end of the Georgina Basin and incorporates largely hilly country in the south along with dissected low hills at the headwaters of the Bundey Rivers.

Access from Alice Springs is 55km north along the sealed Stuart Highway and then east along the Plenty and Sandover Highways (see figure 1). Access within the tenement is via station tracks. Hilly areas can only be accessed on foot or by helicopter.

2 TENEMENT

EL26545 was granted on 10th July 2008 to Toro Energy Ltd for a period of 6 years. This lease is in its first year of tenure and consists of 161 blocks covering a total area of 485 square kilometres.

Table 1 Derry Downs Tenement Details

Tenement	Tenement_Name	sub blocks	sq km	Tenement_Licensee	Grant Date	Expiry Date	Licence Manager
EL26545	Derry Downs	161	485	Toro Energy Ltd	10-Jul-08	09-Jul-14	Toro Energy Ltd

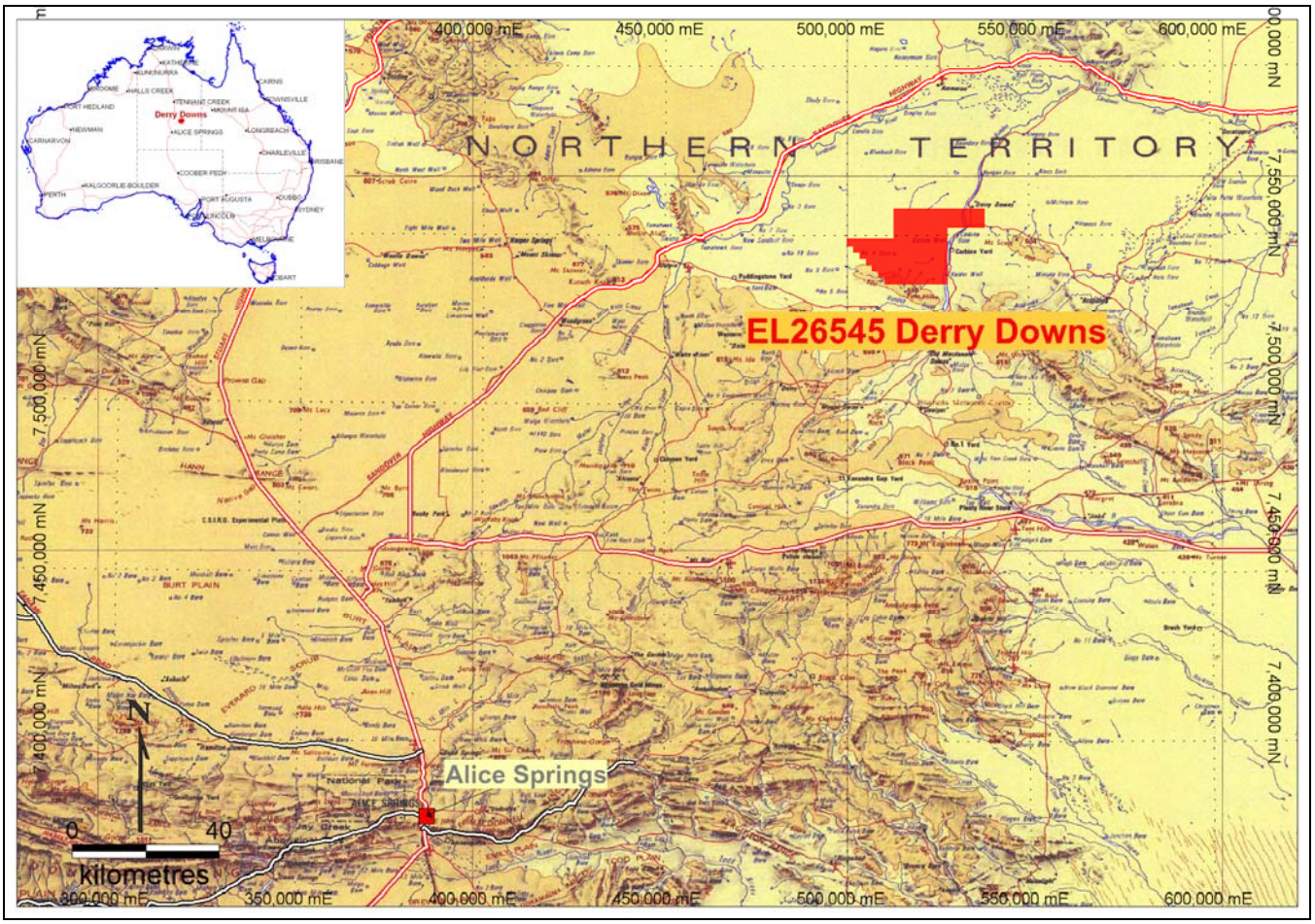

Figure 1 Location of EL26545 Derry Downs

Figure 2 Derry Downs EL 26545 Tenement Location over 250k and 100k mapsheets

3 GEOLOGICAL SETTING

EL26545 lies within the Arunta (Aileron) region of the Northern Territory within the southern portion of the Georgina Basin. 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. Locally, the Aileron Province rocks are overlain by a veneer of Tertiary to Recent clastic sequences.

The Palaeozoic Georgina Basin is an erosional remnant of a series of originally interconnected central Australian intracratonic basins that range from Neoproterozoic to Palaeozoic. Basin sediments are up to 3.7km deep. Lithologies comprise Dolostone, limestone, shale, sandstone and siltstone. There are frequent oil shows throughout the basin. The large Wonarah phosphate deposit (between Mt Isa and Tennant Ck) is located within the Cambrian Wonarah beds. Several small lead-zinc occurrences are located along the southern margin. The region has been mainly explored for phosphate, oil and gas. Base metal potential in the southern part of the basin is highlighted by the recent NTGS studies. A large part of the basin is currently under exploration for diamonds. The strata are not metamorphosed but lie in a "synclinal" manner. The axis runs NW/SE through the centre of the basin.

There are no major or otherwise, interpreted faults cutting across EL26545. It is therefore suggested that the target for U deposition would be stratiform, unconformity or palaeochannel hosted within redox boundaries.

Locally, geology consists of underlying Late Devonian Dulcie Sandstone (predominantly quartz arenite) which forms the core of a large syncline, with lesser amounts of Cambro-Ordovician Tomahawk Bed sandstone and quartz-arenaceous limestone to the north-east and southwest. Quaternary deposition of aeolian sand and alluvial soil is extensive. Drainage only occurs around areas of outcrop and around the Bundey River.

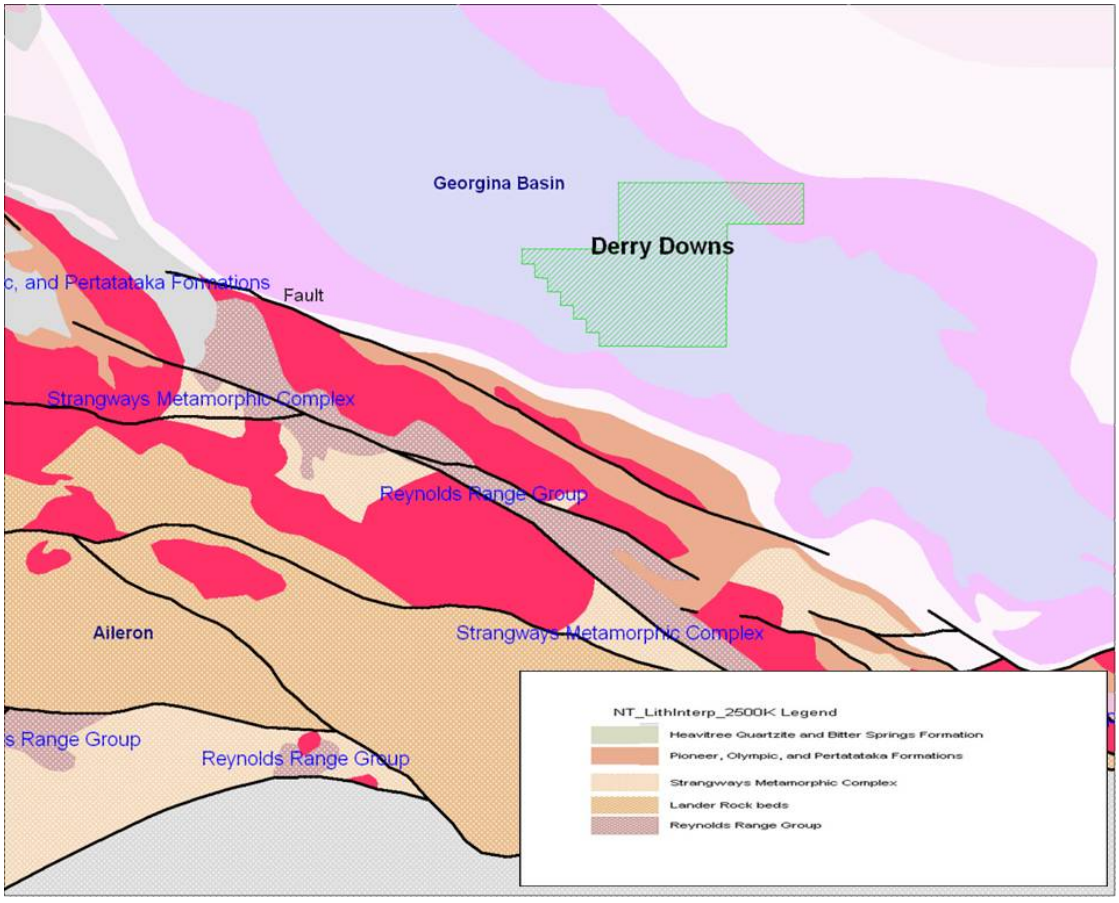

Figure 3 Location of Derry Downs over NT_Lithinterp_2500K interpreted geology and faults.

4 PREVIOUS EXPLORATION

Historical open file exploration reports are summarised briefly below and in table 2. Historical work was primarily based on diamond exploration. No assays were carried out for uranium.

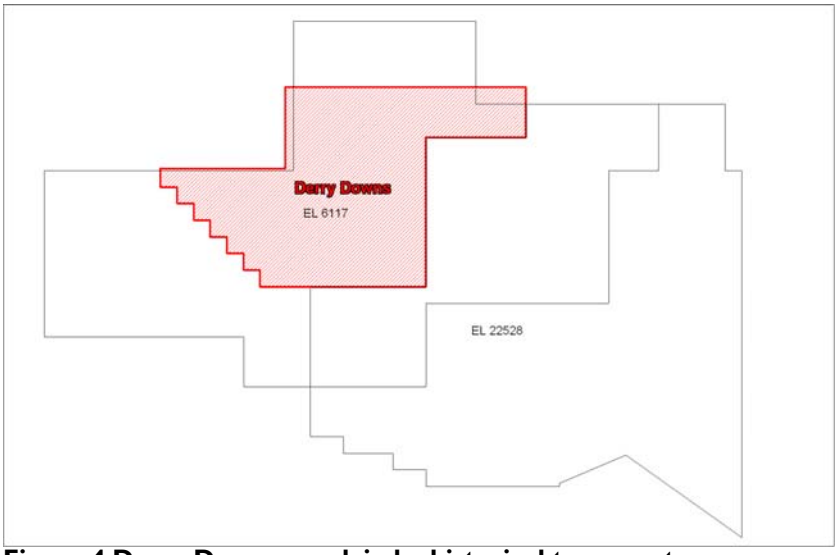

Figure 4 Derry Downs overlain by historical tenements.

Tenement Number	Coverage	Company	Number of Reports	Commodity	GRANTED	CEASED	Exploration	Comments	priority 1 to 5	Report No
EL 22528	adjacent	Elkedra diamonds	1	diamonds	20010524	20040428	airborne mag data, surface sampling	chromites from mantle source prob. to Sth.contam.by devonian congloms probable, no anomaly detected	1	CR2004-0305
EL 6117	70%	CRA	2	diamonds	19880928	19900614	gravel sampling, photo interp	no evidence of kimberlites or their indicator minerals. some chromite found in samples assumed shed from Dulcie Sandstone	2	CR1989-0781, CR1990-0469

Table 2. Summary of previous exploration activity around Derry Downs

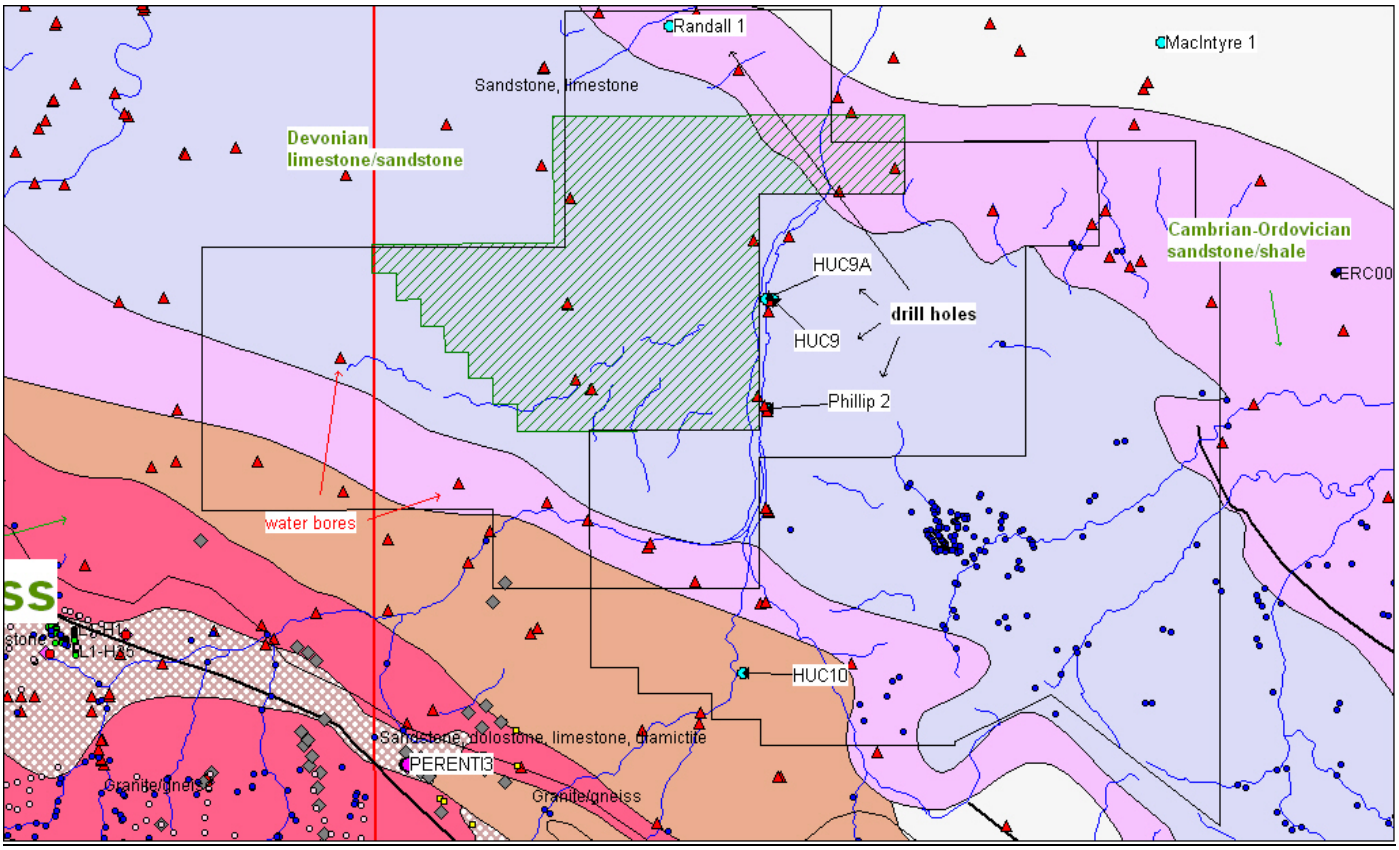

Figure 5 Geological interpretation with historic sampling

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.

EL6117 CRA Exploration 1988-1990

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 kimberltic 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 composed the following objectives for this tenement:

- Identify potential Tertiary palaeochannel sediments and determine if there are reduced facies or evidence of redox changes.
- Determine if there is potential for Angela-style uranium mineralisation in the Dulcie Sandstone.
- Determine the characteristics of radiometric anomalies present in the Government datasets.

6 EXPLORATION COMPLETED

Toro undertook a brief reconnaissance field trip in July 2008. This involved meeting with pastoralists, GPS recording of unmarked tracks and general assessment of the area in terms of fieldwork planning once the airborne survey is complete. Foot traverses along the verge of the road using a scintillometer presented no local increases in counts per second ("CPS"). A desktop review of previous exploration

was completed (see table 2). Native Title negotiations are also well advanced with the Central Land Council. Toro are actively seeking an Exploration Agreement be in place prior to any ground disturbing work.

8 EXPLORATION EXPENDITURE

Expenditure incurred during the first year of term for EL26545 was $6,342.72 (see associated Expenditure Report). These expenditure figures exclude DPIFM rent and legal costs. For the upcoming year, Toro are expecting to spend approximately $35,000 on EL26545. Exploration on Derry Downs has been delayed to allow grant of tenement applications to the south so that a coherent project area can be covered by an airborne electromagnetic (AEM) survey.

9 EXPLORATION PROPOSED

Exploration programme for the upcoming reporting period will include the following:

- Undertake a broad regional airborne electromagnetic (AEM) survey of this and adjoining tenements with the purpose of identifying palaeochannels. A quote has been obtained from Fugro to fly the Tempest system and the survey is planned for August 2009.
- Undertake radiometric anomaly follow up, rockchip sampling and analysis.
- Review historic drilling, including sampling of available core.
- Aircore drilling and associated sample assays based on the results of the AEM survey.