Combined Annual Technical Report
For Period
5th March 2010 to 4th March 2011

EL 26704 Ingellina Gap
EL 26848 Walabanba
EL 27115 Anningie

Titleholder | Toro Energy Ltd
Operator | Toro Energy Ltd
Tenement Agent | Toro Energy Ltd
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Report Title | Combined Annual Technical Report for period
| 5th March 2010 to 4th March 2011
| EL26704 Ingellina Gap
| EL26848 Walabanba
| EL27115 Anningie
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Corporate Author | Toro Energy Ltd
Target Commodity | Uranium
Date of Report | 4th April 2011
Datum | GDA94 Zone 53
250k Mapsheets | Napperby SF53-09, Mt Peake SF53-05
100k Mapsheets | Mt Peak 5454, Reynolds Range 5453, Anningie 5554
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Summary

This second Combined Annual Technical Report for Anningie group tenements (Reynolds Range area) covers work carried out during the twelve month period from 5th March 2010 to 4th March 2011. Exploration activities during the period have involved:

- Aboriginal Native Title Clearance conducted by AAPA
- An MMP was completed and approved by DoR
- The start of field work was significantly delayed by the time it took to issue the AAPA clearance certificate, and drilling was terminated after only a few days due to unseasonally heavy rainfall
- Two Aircore holes for 357m were drilled. The program will be completed in 2011.
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INTRODUCTION

This report outlines the work conducted within the exploration tenements EL26704, EL27115 and EL26848 during 2010/2011 by Toro Energy Limited (“Toro”; ASX code “TOE”).

This tenement group is located approximately 250 km north-northwest of Alice Springs (Figure 1) in the Reynolds Range province on the Napperby and Mt Peak 1:250,000 mapsheets (Figure 1&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, 230km north or 270km south respectively. The tenements lie within Coniston and Anningie Stations (Figure 3). Further access is via a network of minor station tracks.

TENEMENT

Group Reporting status was approved for these three exploration licences on 17th February 2010. EL26704 was granted on 24th October 2008 to Toro Energy Ltd for a period of 6 years. This lease is in its third year of tenure. EL26848 and EL27115 were granted in 2009 to Toro and are in the second year of tenure. An area of 30.4% (or 92 blocks) of EL26704 was relinquished at the end of the second year of its tenure, on 23rd October 2010.
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<th>Tenement</th>
<th>Name</th>
<th>Status</th>
<th>Block</th>
<th>Sq km</th>
<th>Land type</th>
<th>Grant date</th>
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<tr>
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<td>654.2</td>
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<td><strong>732</strong></td>
<td><strong>2299.09</strong></td>
<td></td>
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</tbody>
</table>

Table 1 Tenement Details

Figure 1 Location Reynolds Range Project area

Figure 2 Anningie Group tenements over zone 53 topographic map
Figure 3  Anningie Group Tenement Location over 250k and 100k mapsheets

Figure 4  EL26704 location, access, pastoral properties
3 GEOLOGICAL SETTING
The Reynolds Range project lies within the Arunta-Ngalia region of the Northern Territory (shown in brown – 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 from 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 5 Anningie Group tenements over 1:2.5m geological regions (NTGS)
This deposit is subject of ongoing feasibility studies. Uranium is also present in high grades at Bigryi (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 granite 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 can be up to 70m thick, although Toro’s recent drilling suggests it may be as much as 200m thick in places. Some calcrete shows replacement by chalcedonic silica and this silcrete has been demonstrated to be uraniferous, with a chip sample grading 500 ppm 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 7 Location of Ingellina Gap over geology outcrop 250K published geology sheet

Figure 8 State radiometrics (U channel) over Anningie Group tenements
4 PREVIOUS EXPLORATION

Previous mineral exploration work is detailed in the first combined Annual Technical Report. Although Uranium has been extensively explored for in the area, the nature of the exploration has been restricted to bore water sampling, hard rock and limited near surface calcrite styles of Uranium within or proximal to outcropping terrains. Following the desktop review of previous exploration, open file data was assessed by a consultant geophysicist and an area was set aside for an AEM survey with the aim of identifying conductors within covered basement and/or palaeochannels (fig 10). Toro undertook a brief reconnaissance field trip in August 2009. This involved foot traverses and rock chip sampling along public roads.

5 EXPLORATION OBJECTIVES

After reviewing of the available data and reports, Toro composed the following objectives for these tenements:

- Determine the nature of the radiometric and AEM responses.
- 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

Following the completion and approval of an MMP, field work progress was significantly hampered by the delay in receiving AAPA clearance certificate as well as un-seasonally heavy rainfall impeding field access in central Australia. Aircore drilling commenced towards the end of the field season (November) and only two holes were
drilled before heavy rain forced abandonment of the program for the year. Collar locations are shown in figure 10. Holes were drilled to refusal through interpreted Tertiary sediments consisting of varying sand, silts and clays. Basement consisted of granite and represents the last two metres of both holes.

<table>
<thead>
<tr>
<th>HoleID</th>
<th>East(GDA_94)</th>
<th>North(GDA_94)</th>
<th>Incl.</th>
<th>Total Depth</th>
<th>Basement</th>
</tr>
</thead>
<tbody>
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<td>186m</td>
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<td>171m</td>
<td>granite</td>
</tr>
</tbody>
</table>

Figure 9 Location of Toro Aircore holes over AEM

One metre samples were collected from the drilling cyclone in plastic bags. Each metre sample was litho-logged and radiation was recorded with a scintillometer. Holes were gamma logged using a 27mm probe. Assay samples consisting of either, 8m composites,
4m composites or 1m original samples were collected by scoop into calico bags and sent to ALS Alice Springs. Samples were assayed for As, Ce, Cu, Mo, Ni, Pb, Se, Th, U, W by ICP-MS. No anomalous uranium was encountered, however, variations in redox state were described throughout the sediment package. Slightly elevated Ni and Cu were recorded from RP00039 from an 8m composite sample in ochre sandy clay at 112 – 120m. Groundwater was encountered around 60m. Gamma logs were unremarkable. The presence of loose sands over significant thicknesses with obvious redox variations is considered highly encouraging for the discovery of a ‘palaeochannel style’ uranium deposit, similar to Beverley.

8 EXPLORATION EXPENDITURE
For expenditure over the past year, see individual EL expenditure reports for details on each licence.

9 EXPLORATION PROPOSED
The planned exploration programme for the upcoming reporting period will involve the completion of the 2,500m aircore drilling program that began in 2010, targeting interpreted palaeochannel areas in the airborne EM data.
Figure 10  Work program map as submitted for approval by DoR. In 2011, aircore drilling is planned mainly along existing tracks (in red), but some is planned for new access lines (in blue).

Figure 11 2011 Work program lines on Google image (from MMP)
10 APPENDICES

A Drilling data

EL26704_26848_27115_2011_A_02_DHLocations.txt
EL26704_26848_27115_2011_A_03_DHlithology.txt
EL26704_26848_27115_2011_A_04_DHAssay.txt
EL26704_26848_27115_2011_A_06_FileListing.txt
EL26704_26848_27115_2011_A_16_LithCode.pdf
EL26704_26848_27115_2011_A_17_DHGamma.txt