Toro Energy Limited ABN 48 117 127 590

Half Year Report

for the half year ended 31 December 2012

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Directors' Report

The directors of Toro Energy Limited (Toro) submit their report for the half-year ended 31 December 2012.

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Ms Erica Smyth Non Exec. Chairman

Dr Vanessa Guthrie Managing Director (Appointed 8 February 2013)

Mr Peter Lester Non Exec. Director Mr Andrew Coles Non Exec. Director

Mr Greg Hall Non Exec. Director (Resigned as Managing Director on 8

February 2013)

Mr Derek Carter Non Exec. Director (Resigned 28 November 2012)

Company Secretaries
Donald Stephens
Todd Alder

REVIEW OF OPERATIONS

KEY EVENTS

Key events over the period and up to the date of the report include;

- Western Australian Minister for Environment's decision to approve the Wiluna Uranium Project;
- Maiden inferred uranium resource for Theseus Deposit;
- Timeframe for Federal Environmental decisions, for the Wiluna Uranium Project, extended to 31 March 2013;
- Engineering design and costing phase of the DFS delayed until after Federal Environmental decisions made;
- Managing Director transition;
- Completion of A\$12m convertible debt facility with Macquarie Bank Ltd.

WILUNA PROJECT EVALUATION

A significant milestone was reached in October 2012 when the WA Government Minister for the Environment announced the State Environmental approval for the Wiluna Project. A decision from the Federal Minister for Sustainability, Environment, Water, Population and Communities was anticipated in Quarter 4 of 2012 however, on 18 December 2012, after an initial time extension, Toro was advised of a further extension to the Federal decision timeframe to 31 March 2013.

The project execution schedule has been updated to reflect the extensions to the Federal Environmental decision, remaining DFS scope and project financing. Final Investment Decision is still targeted for 2013, subject to market conditions and project financing success.

Project Capex and Opex were updated by the Wiluna Project team and the DFS consultant, to reflect the completed process design of DFS Phase 1 in a full Wiluna Project update

released during the quarter. Project Capex has an estimated direct cost of AUD\$207M with a full capital estimate of \$269M including EPCM and contingency. Operating cost estimates are US\$37 (A\$41)/lb U308.

A site visit to the Project area was undertaken by a technical review group representing potential overseas interests. The purpose of the visit was to undertake a review of the Project including resource definition, processing metallurgy and technology, environmental approvals and engineering design.

An archaeological survey has been scheduled in February to approve a 2013 drilling plan, a program of work designed to improve the category of resources at Wiluna.

Toro continued its meetings with Traditional Owners at Wiluna. A negotiation protocol for a mining agreement was signed, opening the way for the commercial negotiations.

EXPLORATION

A maiden Inferred uranium resource was announced for the Theseus deposit located near Lake Mackay in WA. The resource estimate, calculated at two different cut-off grades, comprises:

Inferred Mineral	(ppm)	Tonnage (Mt)	U ₃ O ₈ (ppm)	Meta	l U₃O ₈
Resource				(t)	(Mlb)
Grade Cut-off	200	6.3	493	3,100	6.9
GT Cut Off	1000	6.1	491	3,000	6.6

GT is an estimation presented as ppm x m U_3O_8 . It is calculated by multiplying the interval (metres width) by the average grade of the interval.

In addition, Toro defined an updated Exploration Target Range (ETR) of:

28 - 35 Million tonnes of ISR Uranium at 450-520ppm U_3O_8 for 28Mlb to 40Mlb U_3O_8 (12,600t to 18,200t U_3O_8) #

Airborne geophysics over the Wiso, Reynolds Range and Browns Range projects were completed in December 2012. Processing and analysis of the data is underway with initial results suggesting a number of promising drill targets.

Rock chip, lag and multi-fraction soil samples were collected across the McArthur Project and submitted for various digestion and chemical analyses. Results from rock chip samples show that U, Cu, Ag, As and Pd are consistently elevated within a large high-amplitude radiometric anomaly overlying the exposed basal sandstone of the Karns Dolomite in Toro's Karns tenement.

Ground reconnaissance of airborne EM targets at the Walabanba Hills Project was completed during the quarter. Minor copper anomalism to 700ppm Cu has been reported.

Information in this report relating to Exploration is based on information compiled by Mr Mark McGeough BSc who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McGeough is a full-time employee Toro Energy and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of

[#] CAUTIONARY STATEMENT: The Exploration Target Range is conceptual in nature and there has been insufficient exploration completed to define this material as a Mineral Resource. There is no certainty that the further work referred to herein will result in the determination of a Mineral Resource.

the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McGeough consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

CORPORATE

Toro is continuing to engage with potential JV partners interested in buying into the Wiluna project and assisting to finance the mine's construction. Engagement has increased since the WA State Government approval with confidentiality agreements in place with a number of parties.

In December 2012 Toro Energy announced that, as part of a planned succession, Managing Director, Mr Greg Hall would resign from his position as at 8 February 2013, and Dr Vanessa Guthrie (currently Executive General Manager - Wiluna Project) will assume the role of Managing Director of Toro Energy Limited. The Board and Mr Hall agreed some time ago that, after nearly seven years steering the Company, when the opportunity arose for him to expand his experience base the Company would accommodate this in a managed transition process. Mr Hall will remain on the Toro Energy Board as a Non-Executive Director.

SUBSEQUENT EVENTS

In February 2013, final legal documentation was executed for an A\$12 million convertible debt finance facility ("Facility") from Macquarie Bank Limited. The Facility increases Toro's available working capital and puts the Company in a strong financial position to fund the completion of the Wiluna Uranium Project definitive feasibility study and finalise the process of negotiation with potential joint venture or funding partners.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2012.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

Vanessa Guthrie Managing Director

28 February 2013



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF TORO ENERGY LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Toro Energy Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

J L Humphrey

Director – Audit & Assurance

Grant Thornton

Adelaide, 28 February 2013

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

		31 Dec 2012	31 Dec 2011
	Note	\$	\$
Other Income	5 (a)	194,605	602,378
Impairment of Investment in Associate	6	-	(419,525)
Impairment of Exploration & Evaluation Assets	10	(306,092)	(5,434,113)
Employee benefits expense	5 (b)	(727,215)	(2,115,902)
Depreciation expense		(251,615)	(384,159)
Other expenses	5(c)	(897,258)	(937,606)
Loss before income tax expense		(1,987,575)	(8,688,927)
Income tax expense		-	-
Loss for the period		(1,987,575)	(8,688,927)
Loss attributable to members of the parent entity		(1,987,575)	(8,688,927)
•		(1,001,010)	(0,000,021)
Other comprehensive loss			
Other comprehensive income for the period (net of tax)			
Total comprehensive loss for the period		(1,987,575)	(8,688,927)
		(1,001,010)	(0,000,021)
Earnings per share:		Cents	Cents
Basic earnings per share Diluted earnings per share	7	(0.19) (0.19)	(0.90) (0.90)

Consolidated Statement of Financial Position AS AT 31 DECEMBER 2012

	Note	31 December 2012 \$	30 June 2012 \$
			<u> </u>
CURRENT ASSETS	8	4.007.000	40,000,007
Cash and cash equivalents Trade and other receivables	0	4,697,690 282,074	12,808,887 281,569
Other current assets	9	620,898	150,305
TOTAL CURRENT ASSETS		5,600,662	13,240,761
NON-CURRENT ASSETS			
Property, plant and equipment		1,772,811	2,061,343
Other non current assets	9	1,139,573	-
Exploration and evaluation assets	10	87,396,732	83,714,760
TOTAL NON-CURRENT ASSETS		90,309,116	85,776,103
TOTAL ASSETS		95,909,778	99,016,864
CURRENT LIABILITIES			
Trade and other payables		906,221	3,184,359
Short-term provisions		135,706	210,809
TOTAL CURRENT LIABILITIES		1,041,927	3,395,168
NON-CURRENT LIABILITIES			
Long-term provisions		81,614	183,109
TOTAL NON-CURRENT LIABILITIES		81,614	183,109
TOTAL LIABILITIES		1,123,541	3,578,277
NET ASSETS		94,786,237	95,438,587
EQUITY			
Issued Capital	11	217,588,796	217,588,796
Reserves		4,084,289	3,327,664
Accumulated Losses		(126,886,848)	(125,477,873)
TOTAL EQUITY		94,786,237	95,438,587

Consolidated Statement of Changes in Equity FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	Issued Capital \$	Share option reserve \$	Accumulated losses	Total \$
Balance at 1 July 2011		211,564,891	2,319,084	(115,075,914)	98,808,061
Total comprehensive income for the period		-	-	(8,688,926)	(8,688,926)
Share Capital Issued to employee as sign on bonus		40,000	-	-	40,000
Share Capital Issued for purchase of Nowthanna tenements		750,000	-	-	750,000
Employee share-based payment options		-	1,277,193	-	1,277,193
Expired Employee share-based payment options		-	(121,400)	121,400	-
Balance at 31 December 2011	-	212,354,891	3,474,877	(123,643,440)	92,186,328
Balance at 1 July 2012		217,588,796	3,327,664	(125,477,873)	95,438,587
Total comprehensive income for the period		-	-	(1,987,575)	(1,987,575)
Share-based options issued to Macquarie		-	1,330,976	-	1,330,976
Employee share-based payment options		-	4,249	-	4,249
Expired Employee share-based payment options		-	(578,600)	578,600	-
Balance at 31 December 2012		217,588,796	4,084,289	(126,886,848)	94,786,237

Consolidated Statement of Cash Flows FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31 Dec 2012 \$	31 Dec 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES Payments to suppliers and employees	(1,786,730)	(2,024,450)
Interest received	258,791	843,672
NET 0401 HOED IN 0000 400 NUT 100	(4 505 000)	(4.400.770)
NET CASH USED IN OPERATING ACTIVITIES	(1,527,939)	(1,180,778)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment	22,728	-
Purchase of plant and equipment	(16,376)	(90,608)
Purchase of exploration and evaluation tenements	-	(5,894,393)
Payments of stamp duty	-	(230,352)
Payments for exploration and evaluation activities	(6,589,610)	(11,760,157)
NET CASH USED IN INVESTING ACTIVITIES	(6,583,258)	(17,975,510)
CACH FLOWS FROM FINANCING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issue of shares		
Transaction costs of issue of shares	_	_
NET CASH USED IN FINANCING ACTIVITIES		_
NET GAGIT GGED IN TINANGING AGTIVITIES		
Net decrease in cash and cash equivalents	(8,111,197)	(19,156,288)
Cash at the beginning of the period	12,808,887	29,662,943
CASH AT THE END OF THE PERIOD	4,697,690	10,506,655

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Toro Energy Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 28 February 2013.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012.

In the half-year ended 31 December 2012, management reassessed its estimates in respect of:

Carrying value of exploration and evaluation expenditure

The Group performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or written off to the statement of profit or loss and other comprehensive income. As a result of this review, management has determined that \$306,092 be written off as a result of actual or intended relinquishments of title.

New and revised accounting standards applicable for the first time to the current half-year reporting

The Group has adopted all new and revised Australian Accounting Standards and Interpretations that became effective for the first time and are relevant to the Group, including:

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income which requires entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently, and changes the title of 'statement of comprehensive income' to 'statement of profit or loss and other comprehensive income'.

The adoption of the new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the current half-year period. The adoption of AASB 2011-9 has resulted in changes to the Group's presentation of its half-year financial statements.

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The chief operating decision maker is the Board.

The Group's reportable segments under AASB 8 are as follows:

- Project Evaluation;
- Exploration; and
- Corporate & Administration.

Information regarding these segments is presented below.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

_	Continuing Operations			Consolidated
	Project		Corporate &	Revenue & loss
	Evaluation	Exploration	Administration	for the period
31 Dec 2011				
Segment Revenue	-	-	602,378	602,378
Segment result before tax	(262,598)	(5,908,474)	(2,517,855)	(8,688,927)
Income tax expense	-	-	-	-
Segment loss for the period	(262,598)	(5,908,474)	(2,517,855)	(8,688,927)
31 Dec 2012				
Segment Revenue	-	-	194,605	194,605
Segment result before tax	(185,224)	(341,064)	(1,461,287)	(1,987,575)
Income tax expense	-	-		
Segment loss for the period	(185,224)	(341,064)	(1,461,287)	(1,987,575)

The revenue reported above represents revenue generated from external customers.

There were no intersegment sales during the period or discontinued operations. The following is an analysis of the Group's assets by reportable operating segment:

	Continuing Operations			Consolidated
	Project		Corporate &	
	Evaluation	Exploration	Administration	Total Assets
30 Jun 2012	71,281,945	14,226,756	13,508,163	99,016,864
31 Dec 2012	73,952,256	14,992,206	6,965,316	95,909,778

3. CONTINGENT LIABILITIES

The Group is not aware of any contingent asset or liability that should be disclosed in accordance with AASB 137.

4. EVENTS SUBSEQUENT TO REPORTING DATE

In February 2013 Toro completed full legal documentation for an A\$12 million convertible debt facility with Macquarie Bank Limited.

The A\$12 million is available in two tranches. Tranche 1 of the facility, A\$8 million, is available to be drawn down before 31 March 2013. Tranche 2, A\$4 million, is available to be drawn down until 30 June 2013. Draw downs are subject to satisfactory completion of usual conditions for this type of facility with the additional condition of Wiluna Federal Government environmental approval for Tranche 2.

Further details regarding the terms of the Facility were outlined in the Toro ASX release dated 31 October 2012.

5. REVENUE & EXPENSES

	Consolid	Consolidated		
	As at 31 Dec 12 \$	As at 31 Dec 11 \$		
(a) Other Income				
Bank interest received or receivable*	194,605	602,378		
	194,605	602,378		

^{*} Average cash balance over 6 month period to 31 December 2012 was \$7.0m (prior half year \$18.6m)

	Consolidated		
_	As at 31 Dec 12	As at 31 Dec 11	
	\$	\$	
(b) Employee Benefits Expense			
Wages, salaries, directors fees and other			
employee benefits expense	2,017,788	2,541,966	
Share based payments expense	4,249	1,277,193	
Transfer to capitalised tenements	(1,294,822)	(1,703,257)	
	727,215	2,115,902	
(c) Other Expenses			
Travelling expenses	45,796	104,931	
Accounting, secretarial support and audit fees	67,687	76,145	
Consulting fees	162,475	114,546	
Legal fees	87,081	34,086	
Rent and utility expenses	143,457	108,636	
AGM, EGM, annual report and share registry			
expenses	126,669	147,991	
Other Expenses	264,093	351,271	
	897,258	937,606	

6. IMPAIRMENT OF INVESTMENT IN ASSOCIATE - NOVA ENERGY NAMIBIA

	Conso	Consolidated		
	As at 31 Dec 12 \$	As at 31 Dec 11 \$		
Impairment of Investment in Associate	-	(419,525)		
	-	(419,525)		

7. EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated		
	31 Dec 12 \$	31 Dec 11 \$	
Net loss attributable to ordinary equity holders of the Company	(1,987,575)	(8,688,927)	
Weighted average number of ordinary shares for basic earnings per share	1,041,936,676	970,136,130	

8. CASH AND CASH EQUIVALENTS

	Consolid	Consolidated		
	As at 31 Dec 12	As at 30 Jun 12		
	\$	\$		
Cash at bank and in hand	797,690	2,588,887		
Term deposits	3,900,000	10,220,000		
	4,697,690	12,808,887		

As at 31 December 2012, the term deposits include: \$1,232,847 bank guarantees which act as collateral over tenements which Toro operates and a \$153,318 bank guarantee which acts as bond for the Perth office lease agreement.

9. OTHER CURRENT AND NON CURRENT ASSETS

	Consolidated	
	— As at	As at
	31 Dec 12	30 Jun 12
	\$	\$
CURRENT		
Interest Receivable	12,104	79,538
Prepayments	39,007	70,767
Prepayments - Debt Facility	569,787	-
	620,898	150,305
NON - CURRENT		
Prepayments - Debt Facility	1,139,573	-
•	1,139,573	-

10. EXPLORATION AND EVALUATION ASSETS

	Consolidated		
	As at 31 Dec 12 \$	As at 30 Jun 12 \$	
Balance at beginning of financial year	83,714,760	67,403,197	
Share acquisition - Nowthanna (1)	-	750,000	
Cash acquisition - Nowthanna (1)	-	1,300,000	
Cash acquisition - Millipede (2)	-	4,500,000	
Impairment of exploration expenditure (3)	(306,092)	(6,159,712)	
Sale of Mt Woods U3O8 Rights	-	(3,750,000)	
Sale of Roxby Downs U3O8 Rights	-	(500,000)	
Reversal of previously booked impairments (4)	-	500,000	
Other Expenditure during the year	3,988,064	19,671,275	
Balance at end of period	87,396,732	83,714,760	

⁽¹⁾ Value attributed to the Nowthanna tenement acquisitions.

⁽²⁾ Value attributed to the Millipede tenement acquisitions.

⁽³⁾ Impairment as a result of surrendered or fair value tests on exploration tenements.

⁽⁴⁾ Write back subsequent to sale of previously impaired Roxby Downs Uraniums rights

11. ISSUED CAPITAL

	Consolidated		
	As at As at		
	31 Dec 12	30 Jun 12	
	\$	\$	
Fully paid ordinary shares	217,588,796	217,588,796	
Reconciliation:	Consolidated	Consolidated	
	Half year ended	Year ended	
	31 Dec 12	30 Jun 12	
Ordinary shares	\$	\$	
Balance at beginning of financial year	217,588,796	211,564,891	
Share capital issued to employee as sign on bonus	-	40,000	
Share placement for Nowthanna tenement purchase	-	750,000	
Share Purchase Plan (net of costs and tax)		5,233,905	
Balance at end of the half year	217,588,796	217,588,796	
	Parent	Parent	
	Half year ended	Year ended	
	31 Dec 12	30 Jun 12	
Ordinary shares	No.	No.	
Number at beginning of financial year	1,041,936,676	964,936,676	
Issue to employee as sign on bonus	-	500,000	
Share Capital Issued for purchase of Nowthanna tenements	-	10,000,000	
Share Purchase Plan (net of costs and tax)		66,500,000	
Number of shares at end of half year	1,041,936,676	1,041,936,676	

12. SHARE BASED PAYMENTS

The following table illustrates the number and movements in share options during the period:

	31 Dec 12 No.	30 Jun 12 No.
Outstanding at the beginning of the year	37,025,000	20,460,000
Granted during the year	24,390,244	18,825,000
Expired during the year	(4,360,000)	(2,260,000)
Outstanding at the end of the year	57,055,244	37,025,000
Exercisable at the end of the year	56,305,244	35,775,000

The outstanding balance at 31 December 2012 is represented by:

			Strike	
Issue Date	Vesting Date	Expiry Date	Price	Number
6/08/2008	7/08/2009	6/08/2013	0.55	425,000
6/08/2008	7/08/2010	6/08/2013	0.55	425,000
17/12/2008	18/12/2009	17/12/2013	0.25	1,665,000
19/03/2009	20/03/2010	19/03/2014	0.25	1,000,000
2/02/2010	3/02/2010	2/02/2015	0.22	4,965,000
2/02/2010	3/02/2010	2/02/2015	0.22	590,000
3/01/2011	4/01/2011	3/01/2016	0.22	4,270,000
12/01/2011	12/01/2011	11/01/2016	0.22	5,000,000
12/01/2011	12/01/2011	11/01/2016	0.30	1,000,000
26/05/2011	26/05/2011	25/05/2016	0.15	250,000
26/05/2011	26/05/2012	25/05/2016	0.22	250,000
1/07/2011	1/07/2011	30/06/2016	0.11	750,000
1/07/2011	1/07/2012	30/06/2016	0.22	500,000
1/07/2011	1/09/2012	30/06/2016	0.25	750,000
1/08/2011	1/08/2011	31/07/2016	0.13	10,300,000
26/08/2011	26/08/2011	25/08/2016	0.13	525,000
2/11/2012	2/11/2012	1/11/2015	0.123	24,390,244 *

^{*}Toro Energy Ltd issued 24,390,244 options to Macquarie Bank Limited in November 2012 in consideration for the arrangement of an A\$12m Debt Facility. The number of options issued to Macquarie Bank Limited Facility were calculated as follows:

Number of options = $\underline{25\%}$ of Debt Facility (A\$12m) Option Exercise Price

where the option exercise price was at a 20% premium to the 30 day trading VWAP up to and including 30 October 2012.

The fair value of the options issued to Macquarie Bank Limited were calculated using the Black Scholes pricing model and the following inputs:

\$0.13
\$0.123
56.4%
3.15%
\$0.055

The Directors of the Company declare that:

- 1. The financial statements and notes, as set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including;
 - a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and the performance for the half-year ended on that date;
 and
 - b. complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- 2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Vanessa Guthrie Managing Director

28 February 2013



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TORO ENERGY LIMITED

We have reviewed the accompanying half-year financial report of Toro Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Toro Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Toro Energy Limited consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Toro Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Toro Energy Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

GRANT THORNTON AUDIT PTY LTD

Chartered Accountants

Grant Thornton

J L Humphrey

Director – Audit & Assurance

Adelaide, 28 February 2013