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Toro Energy Limited

ACN 117 127 590

2023 Interim Financial Report



CONTENTS

Corporate Information	3
Directors' Report	4
Auditor's Independence Declaration	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	24
Independent Auditor's Review Report	25
Appendix 1: Mineral Resources Table and Competent Persons Statement	27

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CORPORATE INFORMATION

Directors

Richard Homsany - Executive Chairman

Richard Patricio - Non-Executive

Michel Marier - Non-Executive

Company Secretary

Katherine Garvey

Registered Office

60 Havelock Street

West Perth WA 6005

Telephone: +61 8 9214 2100

Share Registry

Automic Group

Level 2, 267 St Georges Terrace

Perth WA 6000

Auditor

Moore Australia Audit (WA)

Level 15, Exchange Tower

2 The Esplanade

Perth WA 6000

Securities Exchange Listing

Australian Securities Exchange

ASX code: TOE

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The directors (**Directors**) of Toro Energy Limited (**Toro** or **the Company**) present their Report together with the financial statements of the Consolidated Entity, being the Company and its Controlled Entities (**the Group**) for the half-year ended 31 December 2023.

Director details

The following persons were Directors of Toro during or since the end of the financial half-year:

Mr Richard Homsany	Executive Chairman
Mr Richard Patricio	Non-Executive
Mr Michel Marier	Non-Executive

Company Secretary

Ms Katherine Garvey

Review of operations and financial results

The Company's net loss after income tax was \$4,762,518 (2022: \$4,787,049). Included in the loss were non-cash impairment expenses of \$1,691,276, which were incurred during the current period. The impairment is largely due to uranium and nickel exploration expenditure. The Company continued to actively pursue the development of its Wiluna Uranium Project, with continued improvements being made to the value of the Wiluna Uranium Project (**Figure 1**) during the thorough research, innovation and engineering opportunities and the successful integration of vanadium into the Lake Maitland uranium resource.

Wiluna Uranium Project

Toro's 100% owned Wiluna Uranium Project consists of the Lake Maitland, Lake Way, and Centipede- Millipede Deposits (see **Figure 1**). Together, these deposits of the Wiluna Uranium Project contain some 52 Mt grading 548ppm U₃O₈ for 62.7 Mlbs of contained U₃O₈ at a 200ppm U₃O₈ cut-off (JORC 2012 – refer to ASX announcements of 15 October 2015, 1 February 2016, 21 October 2019 and 30 November 2021), together with the vanadium resource of 96.3Mt grading 322ppm V₂O₅ for 68.3Mlbs of contained V₂O₅ at a 200ppm V₂O₅ cut-off as referred to above (JORC 2012 – Inferred – refer to the Company's ASX announcement of 21 October 2019).

During the half year the Company commissioned a pilot plant design for its Wiluna Uranium Project that now includes the processing of vanadium as a valuable by-product. The pilot plant will be designed to test the newly developed processing flow sheet for Lake Maitland at closer to 'operational' scale. The design will include both a hydrometallurgical pilot plant design and a beneficiation pilot plant design, and will incorporate all aspects of both uranium and vanadium production. The new flowsheet results from many years of research and development to optimise feasibility and the very strong outcomes of the recently completed Lake Maitland Scoping Study including:

Excellent financial outcomes

- **NPV pre-tax A\$610M** at a discount rate of 8%
- **Payback period of 2.5 years** and IRR of 41%
- Total undiscounted cash flow of A\$1,076.5M pre-tax
- Average A\$98M pa EBITDA (Total EBITDA \$1,768.6M)
- Total undiscounted cash flow of A\$1,423M pre-tax
- Excellent C1 (US\$15.84) and AISC (US\$20.32) in first 7 years

Modest CAPEX

- **US\$189M** (or A\$270M) capital cost estimate including 20% contingency and 15% EPCM
- Includes all processing and non-processing infrastructure for the proposed stand-alone Lake Maitland operation, including entire processing facility with **beneficiation plant** and ability to produce both uranium and vanadium

Low operating cost estimates

- C1* Cash operating cost of US\$15.84/lb U₃O₈ over the first 7 years
- C1* Cash operating cost of **US\$23.10/lb** U₃O₈ over Life of Mine
- All In Sustaining Cost (AISC)# of US\$20.32/lb U₃O₈ over the first 7 years
- All In Sustaining Cost (AISC)# of **US\$28.02/lb** U₃O₈ over Life of Mine
- Very low C1 (**US\$15.84**) and AISC (**US\$20.32**) per lb U₃O₈ in first 7 years provide very strong margins

Mining & Production

- 17.5 year mine life (2.5 year payback period)
- Low average strip ratio of 1.17
- Process approximately 1.94Mt of ore per annum (front of beneficiation plant)
- **Annual average production** approximately **1.3Mlbs U₃O₈** (100% Indicated Resource) and **0.7Mlbs V₂O₅** (100% Inferred Resource) (refer to the Company's release of 24 October 2022 for further details)

- **Total production** approximately **22.8Mlbs of U₃O₈** and **11.9Mlbs of V₂O₅** (refer to resource table for the Wiluna Uranium Project contained in **Annexure A** of the Company's release of 24 October 2022 for further information as well as discussion on production schedule)

ASX Listing Rule 5.19.2

The Company confirms that all material assumptions underpinning the production target and the derived forecast financial information disclosed in the Lake Maitland Scoping Study announced by the Company on 24 October 2022 continue to apply and have not materially changed.

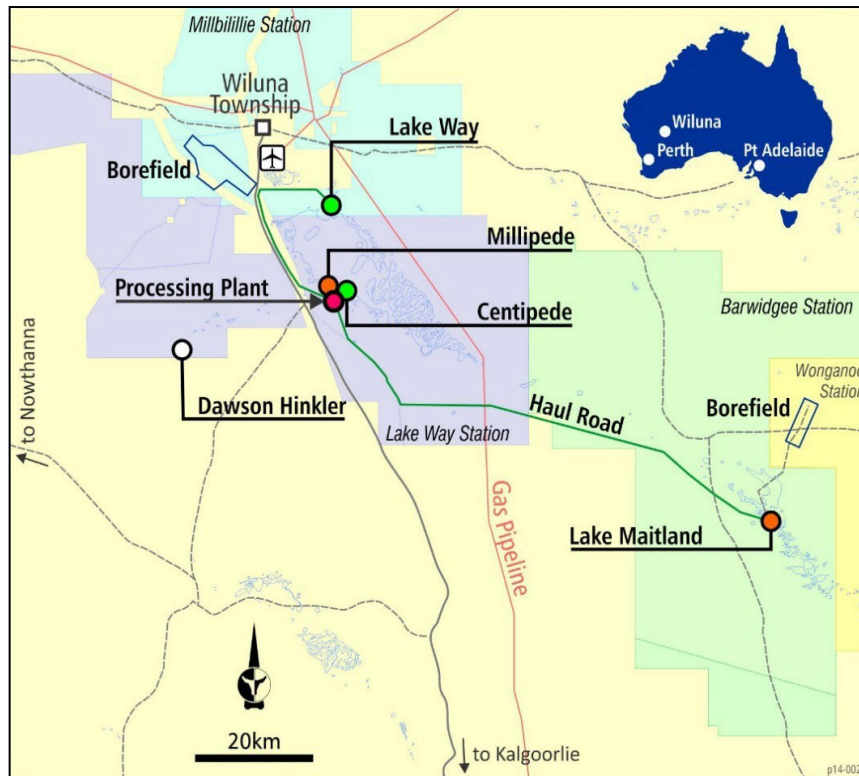


Figure 1: Location of the Wiluna Uranium Project

During the period (see ASX announcement dated 3 October 2023) the Company also announced the initiation of its Extension Study to the proposed Lake Maitland Uranium-Vanadium operation. The Extension Study will be completed by mining engineers at SRK Consulting Australasia (**SRK**). SRK and metallurgical and processing engineers at Strategic Metallurgy prepared the Scoping Study for Lake Maitland which highlighted the project's potential to deliver robust financial returns.

One of the stand-out growth opportunities identified from the Lake Maitland Scoping Study is that the proposed production schedule does not include any Mineral Resources from Toro's other wholly owned uranium deposits comprising the broader Wiluna Uranium Project, namely Centipede-Millipede and Lake Way. This could lead to increased mine life, total production and revenue therefore adding considerable value to the entire Project. The extension Study will aim to provide updated pit inventories at Centipede-Millipede and Lake Way from pit optimisation outcomes. These would be used as inputs into a future updated scoping study for the entire Wiluna Uranium Project which incorporates all of Centipede-Millipede and Lake Way in addition to Lake Maitland. Please refer to the Company's ASX release of 3 October 2023 for further information about the Extension Study.

After the balance date the Company commenced the process of refreshing and updating its Scoping Study for the proposed stand-alone Lake Maitland Uranium-Vanadium operation, which work will also be undertaken by SRK. With the current strength of the uranium market showing no obvious signs of slowing down, Toro will refresh the Study to evaluate what the financial outcomes would be using the latest more favourable commodity pricing and exchange rate guidance.

The Company continues to progress the Wiluna Uranium Project so that it is capable of being financed and brought into production as and when economic conditions justify the development. The Company remains focused on the long-term feasibility of uranium production for its shareholders from the Wiluna Uranium Project, from which it is permitted to mine up to 62 million pounds of measured or indicated uranium resources (JORC 2012). Please see the Competent Person's Statement at the end of this report for information about the reporting of the resource.

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Exploration

Dusty Nickel Project

The Company's 100% owned Dusty Nickel Project is located in the Yandal Greenstone Belt, some 50km east of the world class Mt Keith Nickel Deposit (**Figure 2**). During the period the Company received further assay results from several drill holes completed during the 2023 diamond drilling campaign on its 100% owned Dusty Nickel Project.

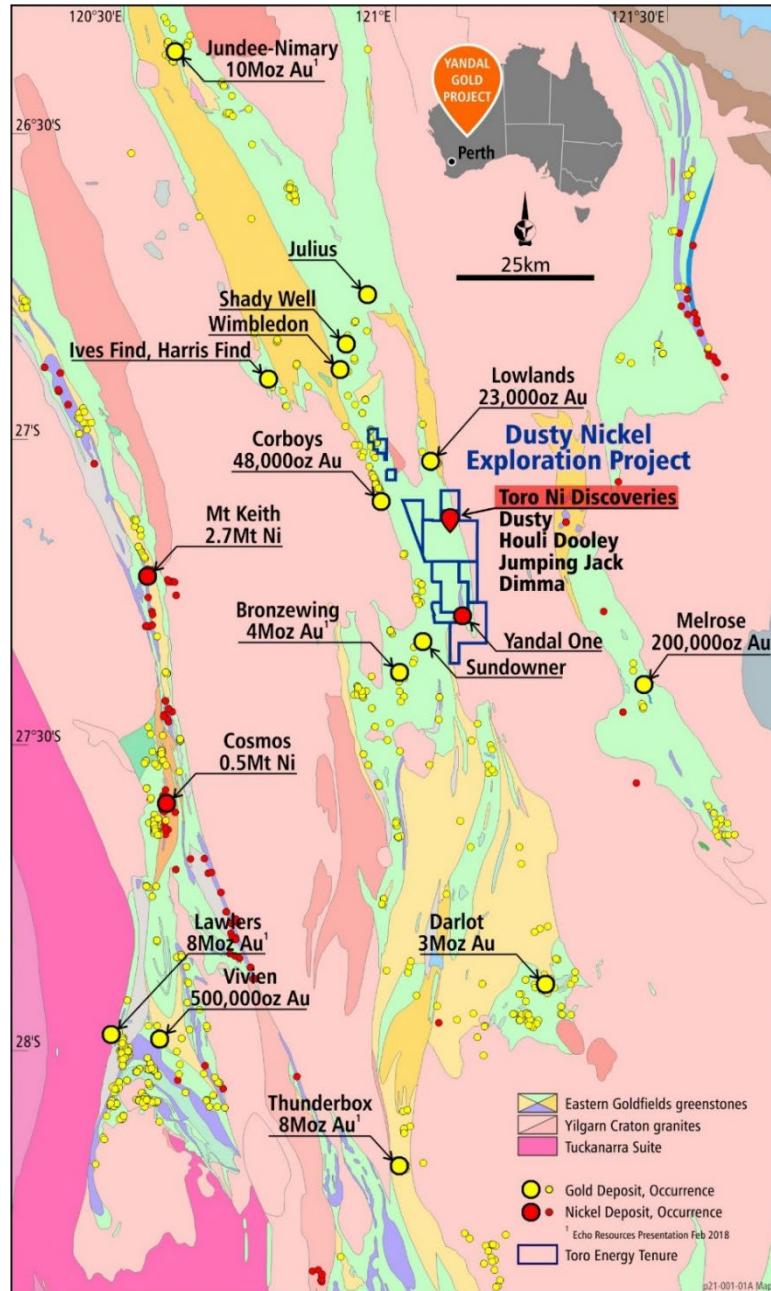


Figure 2: Location of the Dusty Nickel Project.

As announced by the Company on 5 July 2023, geochemical assays have confirmed that diamond drill hole TED53 intersected a further **4.31m of massive and semi-massive Ni-sulphide at the Dimma Ni Discovery site (Figure 3)** within the Company's 100% owned Dusty Nickel Project (**Figure 2**). The results of the laboratory based geochemical analysis confirmed that diamond drill hole TED53 intersected 4.31m of massive and semi-massive Ni-sulphide grading **1.37% Ni, 0.13% Cu and 0.539 g/t Pt+Pd from 332m downhole**. This is twice as thick as previously thought (see ASX announcement dated 12 April 2023) after the preliminary observations and analysis with hand held portable X-Ray Fluorescence instrument (hh-pXRF).

The massive sulphide intersection in TED53 extends the previous massive sulphide intersection at Dimma in diamond drill hole TED42 approximately 15m to the south. Geochemistry has confirmed that TED42 intersected **3.13m of massive Ni-sulphide grading 1.42% Ni, 0.17% Cu and 0.605 g/t Pt+Pd from 314m downhole**. TED53 and TED42 are the deepest holes drilled at Dimma to date, showing that the Dimma discovery remains open at depth. There has been no drilling further south or north of TED53 or TED42, showing that the discovery is also open along strike, north and south.

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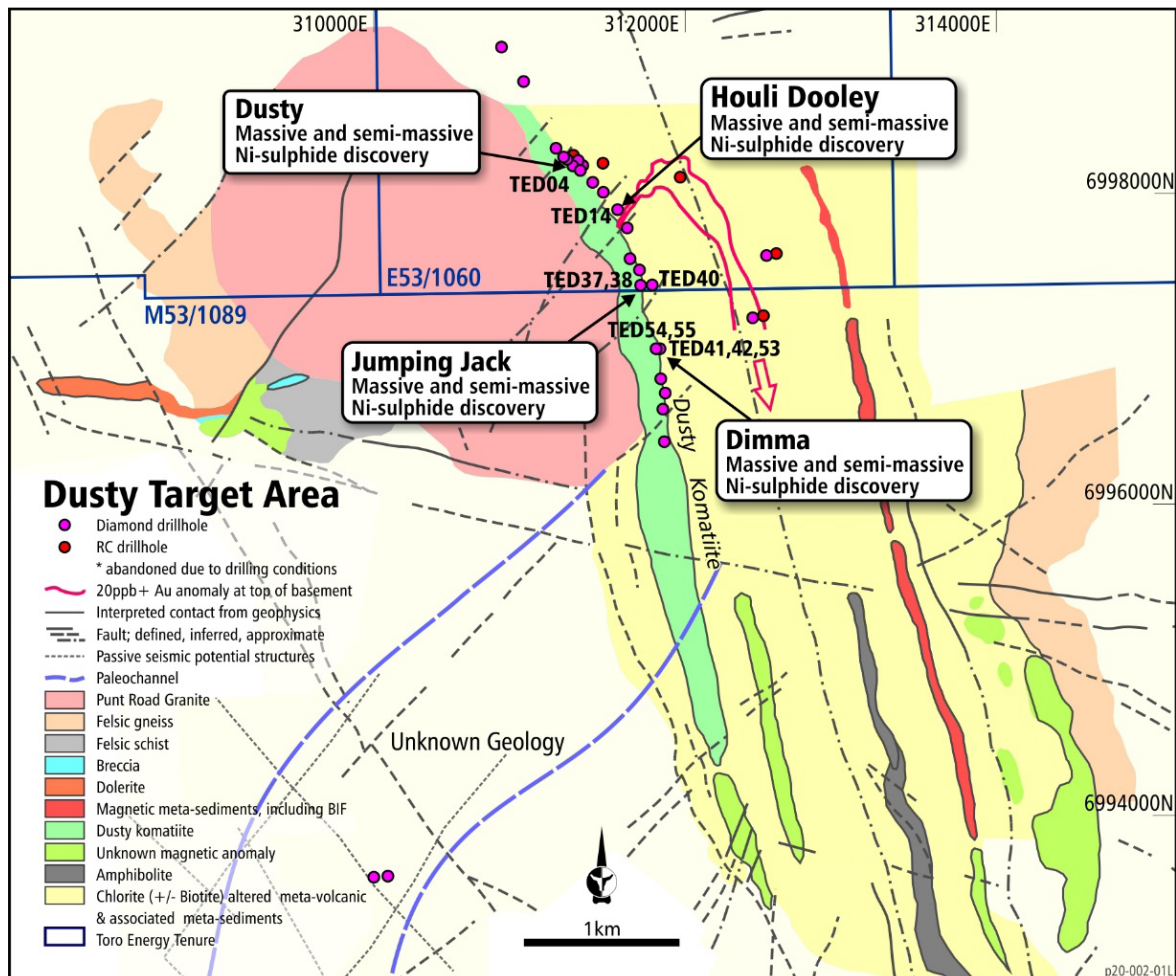


Figure 3: Location of the Dimma Ni-sulphide Discovery relative to the three other nickel sulphide discoveries within the Dusty Target Area. Note the extensive strike length of the Dusty Komatiite, at least 7.5km long.

Geochemical assays reported in the Company's ASX release of 20 July 2023 confirmed diamond drill hole TED54 intersected two zones of Ni-sulphide mineralisation. The assay results confirmed that TED54 intersected a **4.6m thick (downhole) zone of massive Ni-sulphide at the base of the Dusty Komatiite grading 1.61% Ni, 0.22% Cu and 0.56 g/t Pt+Pd from 194.2m downhole as well as a zone of blebby and disseminated Ni-sulphides near the top of the Dusty Komatiite, grading 0.79% Ni over 9m from 162m downhole, included 3m grading 1.09% Ni from 166m downhole.**

The intersection of Ni-sulphides at the top of the Dusty Komatiite in hole TED54 is the first such intersection at the Dimma discovery. It is considered significant in that it shows that there is the potential for lenses of mineralisation different and additional to the massive and semi-massive Ni-sulphide associated with the base of the komatiite.

As detailed in the Company's release of 6 September 2023, the footprint of the Dusty Nickel Project was further increased with laboratory based geochemical analysis confirming that diamond drill hole TED55 intersected 2.1m of massive Ni-sulphide grading **1.83% Ni, 0.29% copper (Cu) and 0.55 g/t Pt+Pd from 147.1m downhole.** Importantly, the TED55 massive Ni-sulphide intersection extends the sub-vertical zone of massive Ni-sulphide mineralisation discovered at Dimma through five drill holes and suggests it so far represents a potential continuous lens of mineralisation of up to 160m down-dip length from the intersection near the base of the paleochannel in TED55 to the intersection at depth in TED42 (refer to **Figure 4**). It remains open at depth and open along strike. The recent TED55 intersection is only some 124m from the surface vertically (approximate true depth).

The massive Ni-sulphide intersection in TED55 is located in the same stratigraphic position as the other four massive Ni-sulphide intersections at Dimma, TED41 (the discovery hole), TED42, TED53 and TED54, associated with the base of the Dusty Komatiite (see **Figure 4**). This is the same stratigraphic position as all the other three massive and semi-massive Ni-sulphide discoveries on the Dusty Nickel Project to date, Jumping Jack, Houli Dooley and Dusty.

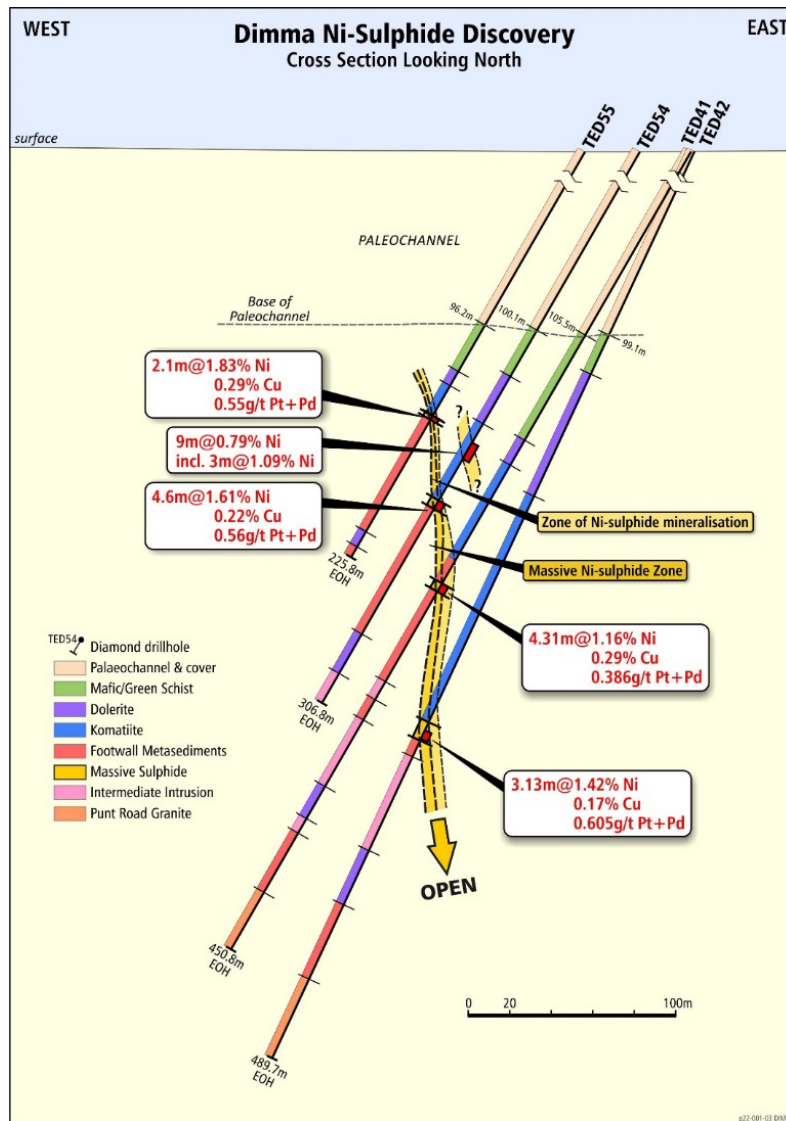


Figure 4: Cross-section of the Dimma Ni-sulphide discovery (looking north) with all drill hole intersections announced to the ASX, TED41, 42, 54 and 55, and the geochemistry confirmed intersections. Note that TED53, also announced to the ASX, is positioned off this cross-section, 15m to the south.

Corporate

As announced by the Company on 11 September 2023 and 15 September 2023, it completed a successful capital raising of \$4,224,100 by the issue of 422,410,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.01 per Share to institutional, sophisticated and professional investors (**September Placement**). Participants in the Placement also received one (1) free attaching listed option exercisable at \$0.015 on or before 23 October 2023 (**Option**) for every two (2) Shares subscribed for and issued under the Placement.

Funds raised by the September Placement were, or will be, applied towards:

- The Lake Maitland Scoping Study Extension, investigating ore trucked from Centipede, Millipede and Lake Way (Wiluna Uranium Project) to be processed at Lake Maitland.
- Lake Maitland resource drilling to upgrade the vanadium resource from Inferred to Indicated under JORC 2012 (if appropriate).
- Pilot plant programme as part of the Lake Maitland pre-feasibility study and to test samples across the other three deposits.
- General working capital.
- Costs of the September Placement.

The Shares and Options issued under the September Placement were issued under the Company's existing capacity pursuant to ASX Listing Rules 7.1 and 7.1A, and shareholder ratification for their issue was obtained at the Company's Annual General Meeting on 30 November 2023. Shareholder approval for the participation of certain directors of the Company in the Placement, on the same terms as those offered to the institutional, sophisticated and professional investors, was also obtained at that meeting.

On 14 December 2023 the Company completed a fifty (50) for one (1) capital consolidation, approval for which was obtained from shareholders at the Company's 2023 Annual General Meeting.

Significant events after the balance date

After the end of the reporting period in January 2024 the Company successfully completed a A\$12.3 million placement (before costs) comprising the issue of 23,653,847 Shares on 29 January 2024 at an issue price of A\$0.52 per Share (**January Placement**). The January Placement was well supported by new and existing institutional, sophisticated and professional investors. Funds raised by the January Placement will be used to fund the following:

- pilot plant program as part of the Lake Maitland pre-feasibility study and to test samples across the Company's entire Wiluna Uranium Project;
- drilling for additional samples at Lake Maitland, Lake Way and Centipede-Millipede for further metallurgical test work to inform an improved processing flowsheet;
- additional exploration and evaluation activities to maintain tenements in good standing; and
- general working capital and costs of the January Placement.

No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

Auditor independence

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 10 of this financial report and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



Richard Homsany
Executive Chairman
15 March 2024

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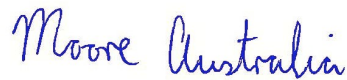
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TORO ENERGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, 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.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 15th day of March 2024.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		CONSOLIDATED	
		31 DECEMBER 2023	31 DECEMBER 2022
		\$	\$
	Note		
Other income	3 (a)	56,606	259,870
Consulting fees		150,000	-
Loss on shares at FVTPL		(372,353)	59,067
Impairment of exploration and evaluation assets	7	(1,691,276)	(3,257,468)
Employee benefits expense	3 (b)	(1,347,355)	(1,323,689)
Depreciation expense		(30,989)	(38,884)
Other expenses	3 (b)	(1,527,151)	(485,945)
Loss before income tax expense		(4,762,518)	(4,787,049)
Income tax benefit		-	-
Loss for the year		(4,762,518)	(4,787,049)
Other comprehensive loss			
Other comprehensive income for the year (net of tax)		-	-
Total comprehensive loss for the year		(4,762,518)	(4,787,049)
Loss attributable to:			
Owners of the Company		(4,762,518)	(4,787,049)
		(4,762,518)	(4,787,049)
Total comprehensive loss attributable to:			
Owners of the Company		(4,762,518)	(4,787,049)
		(4,762,518)	(4,787,049)
Loss per share		Cents	Cents
From continuing operations:			
Basic and diluted earnings per share	4	(5.17)	(0.12)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

CONSOLIDATED

	Note	31 DECEMBER 2023 \$	30 JUNE 2023 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,805,435	1,119,352
Trade and other receivables	6	235,806	59,293
Other current assets		104,727	51,653
Financial Assets		1,733,123	2,119,226
Total current assets		4,879,091	3,349,524
NON CURRENT ASSETS			
Property, plant and equipment		450,939	468,673
Exploration and evaluation assets	7	18,000,000	18,000,000
Other non-current assets		5,000	5,000
Total non-current assets		18,455,939	18,473,673
Total assets		23,335,030	21,823,197
CURRENT LIABILITIES			
Trade and other payables	9	973,952	1,205,648
Provisions		182,108	167,173
Total current liabilities		1,156,060	1,372,821
NON CURRENT LIABILITIES			
Provisions		1,096	10,035
Total non current liabilities		1,096	10,035
Total liabilities		1,157,156	1,382,856
Net assets		22,177,874	20,440,341
EQUITY			
Issued capital	10	336,760,810	332,320,134
Reserves		8,955,683	6,896,308
Accumulated losses		(323,538,619)	(318,776,101)
Equity attributable to owners of the Company		22,177,874	20,440,341
Total equity		22,177,874	20,440,341

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED				
	Issued capital	Share reserve	Accumulated losses	Attributable to owners of the parent
Note	\$	\$	\$	\$
Balance at 1 July 2022	327,562,336	5,710,308	(311,678,511)	21,594,133
Loss for the year	-	-	(4,787,049)	(4,787,049)
Total comprehensive loss for the year	-	-	(4,787,049)	(4,787,049)
Performance rights	-	1,186,000	-	1,186,000
Proceeds from issue of shares	5,077,000	-	-	5,077,000
Transaction costs – share issue	(319,202)	-	-	(319,202)
Balance at 31 December 2022	332,320,134	6,896,308	(316,465,560)	22,750,882
Balance at 1 July 2023	332,320,134	6,896,308	(318,776,101)	20,440,341
Loss for the year	-	-	(4,762,518)	(4,762,518)
Total comprehensive loss for the year	-	-	(4,762,518)	(4,762,518)
Performance rights (Directors/employee)	-	1,215,700	-	1,215,700
Performance rights (Consultants)	-	843,675	-	843,675
Expenses paid in shares	235,000	-	-	235,000
Proceeds from issue of shares	4,474,100	-	-	4,474,100
Transaction costs – share issue	(268,424)	-	-	(268,424)
Balance at 31 December 2023	336,760,810	8,955,683	(323,538,619)	22,177,874

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

		CONSOLIDATED	
		31 DECEMBER 2023	31 DECEMBER 2022
		\$	\$
	Note		
Cash flows from operating activities			
Payments to suppliers and employees		(881,842)	(422,811)
Interest received		32,783	5,488
Insurance proceeds		-	3,627
Government grants		-	239,128
Net cash (used in)/ provided by operating activities		(849,059)	(174,568)
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,255)	(13,517)
Proceeds from sale of financial assets		33,997	33,626
Payments for exploration & evaluation activities		(1,691,276)	(3,257,468)
Net cash (used in)/ provided by investing activities		(1,670,534)	(3,237,359)
Cash flows from financing activities			
Proceeds from issue of shares		4,474,100	5,077,000
Transaction costs of issue of shares		(268,424)	(319,202)
Net cash (used in)/ provided by financing activities		4,205,676	4,757,798
Net increase/(decrease) in cash and cash equivalents		1,686,083	1,345,871
Cash at the beginning of the financial year		1,119,352	2,049,804
Cash at the end of the financial year	5	2,805,435	3,395,675

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1 Statement of significant accounting policies

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* (Cth) and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2023.

The interim financial statements were authorised for issue by the Directors on 15 March 2024.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2023 except as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Application of New and Revised Accounting Standards

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and has determined that their application to the financial statements is either not relevant or not material.

Going Concern

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The consolidated financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss for the half year ended 31 December 2023 of \$4,762,518 (2022: \$4,787,049), has current assets of \$4,879,091 and current liabilities of \$1,156,060.

The Company has determined that it will be able to settle its other debts as and when they fall due through a combination of research and development grants received from government and prudent cash management. Notwithstanding this, the ability of the Group to continue as a going concern is dependent upon the Group being able to raise additional funds as required from time to time to meet exploration and evaluation programs on its mining interests and for working capital. The Directors believe that the Group will be able to raise additional capital as required based on its track record of doing so in the past, the underlying value attributable to the Group's main undertaking in the Wiluna Uranium Project, the Company's strong shareholder base, the Directors' medium to long term views of the uranium markets and the competitive advantage the Wiluna Uranium Project has amongst development stage properties in Australia.

2 Segment information

The Consolidated Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Group operates in one operating segment and one geographical segment, being mineral exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

3 Revenue and expenses

		CONSOLIDATED	
		31 DECEMBER 2023	31 DECEMBER 2022
		\$	\$
(a)	Other income		
	Bank interest received or receivable	36,359	5,488
	Government grants income	-	239,129
	Insurance refund	-	3,627
	Gain on disposal of financial assets	20,247	11,626
		56,606	259,870
	Expenses		
(b)	Employee benefits expense		
	Wages, salaries, directors fees and other remuneration expenses	316,689	321,845
	Share based payments expense	1,215,700	1,186,000
	Transfer to capitalised tenements	(185,034)	(184,156)
	Total employee benefits expenses	1,347,355	1,323,689
	Other expenses		
	Conferences	962	5,631
	Promotion and advertising	101,980	118,461
	Subscriptions	787	530
	Travelling expenses	21,313	8,474
	Accounting and audit fees	47,236	54,315
	Consulting fees	917,016	77,926
	Legal fees	23,029	23,201
	Rent and utility expenses	177,690	14,532
	Insurance costs	26,839	24,998
	AGM, annual report, ASX and share registry	151,840	43,117
	Other expenses	58,459	114,760
	Total other expenses	1,527,151	485,945

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

4 Loss per share

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

	CONSOLIDATED	
	31 DECEMBER 2023	31 DECEMBER 2022
Net loss attributable to ordinary equity holders of the Company	(\$4,762,518)	(\$4,787,049)
Weighted average number of ordinary shares for basic earnings per share	92,101,434	78,699,363
Loss per share	(5.17c)	(0.12c)

5 Cash and cash equivalents

	CONSOLIDATED	
	31 DECEMBER 2023 \$	30 JUNE 2023 \$
Cash at bank and in hand	1,105,435	319,352
Short term deposits	1,700,000	800,000
	2,805,435	1,119,352

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

6 Trade and other receivables

	CONSOLIDATED	
	31 DECEMBER 2023 \$	30 JUNE 2023 \$
Trade receivables	165,000	-
Goods and services tax receivable	70,806	59,293
	235,806	59,293

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

7 Exploration and evaluation assets

	CONSOLIDATED	
	31 DECEMBER 2023 \$	30 JUNE 2023 \$
Balance at beginning of financial year	18,000,000	18,000,000
Impairment of exploration expenditure ⁽ⁱ⁾	(1,691,276)	(4,831,462)
Other expenditure during the year	1,691,276	4,831,462
	18,000,000	18,000,000

⁽ⁱ⁾ Impairment as a result of expenditure on exploration tenements or surrendered tenements. Due to the current subdued uranium market, the Company has taken a conservative approach in impairing its exploration and evaluation assets.

8 Share based payments

Toro Energy Limited Securities Incentive Plan

The Company adopted, by shareholder resolution at the Company's 2022 Annual General Meeting, the Toro Energy Limited Securities Incentive Plan (**Plan**). A summary of the rules of the Plan is set out below.

- Employees (whether full time, part time or casual and including executive directors), non executive directors, contractors and such other persons as the Board determines, are eligible to participate in the Plan from time to time.
- The Board may from time to time determine that an eligible participant may participate in the Plan and make an invitation to that eligible participant to apply for securities in the Company on such terms and conditions as the Board decides.
- On receipt of an invitation an eligible participant may apply for the securities the subject of the invitation in whole or in part.
- The Board may determine that convertible securities issued under the Plan are subject to vesting conditions, which will be set out in the invitation and which may be waived by the Board.
- Where a person who holds convertible securities issued under the Plan ceases to be an eligible participant or becomes insolvent, all unvested convertible securities held by that person will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the convertible securities to vest.
- If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the participant's convertible securities issued under the Plan will be dealt with, including, without limitation, in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- All Toro shares issued under the Plan, or issued or transferred to a participant upon the valid exercise of a convertible security issued under the Plan (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A participant may exercise any voting rights attaching to Plan Shares.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

8 Share based payments (continued)

- If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each participant holding convertible securities issued under the Plan will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.
- If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of convertible securities issued under the Plan is entitled, upon exercise of the convertible securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the convertible securities are exercised.
- Unless otherwise determined by the Board, a holder of convertible securities issued under the Plan does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
- There are no participation rights or entitlements inherent in the convertible securities issued under the Plan and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the convertible securities issued under the Plan without exercising the convertible securities.

Upon adoption of the Plan the Company ceased to rely on its previous Employee Share Option Plan. Details of securities issued under the new Plan are set out below.

The expense recognised in the Statement of Profit or Loss and Other Comprehensive Income in relation to share based payments is disclosed in Note 3(b).

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year.

	31 DECEMBER 2023 No.	31 DECEMBER 2023 WAEP	30 JUNE 2023 No.	30 JUNE 2023 WAEP
Outstanding at the beginning of the year	8,320,000	\$1.50	8,920,000	\$1.50
Granted during the year	2,000,000	\$0.75	-	-
Lapsed / expired during the year	-	-	(600,000)	\$2.50
Outstanding at the end of the year	10,320,000	\$1.24	8,320,000	\$1.50
Exercisable at the end of the year	10,320,000	\$1.24	8,320,000	\$1.50

The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 is 3.47 years (June 2023: 2.98 years).

The exercise price for options outstanding at the end of the period was \$1.24 (June 2023: \$1.50).

The fair value of the equity settled share options granted under the option plan is estimated as at the date of grant using a Black Scholes model taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

On 29 December 2023, 2,000,000 listed options (ASX: TOEO - \$0.75 exercise price; expiry 23 Oct 2025) were issued to employees and consultants. The value of these options on 29 December was \$0.10 per listed option.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

8 Share based payments (continued)

Performance Rights

During the half year 1,200,000 performance rights were issued to the directors of the Company following shareholder approval obtained at the Company's Annual General Meeting held on 30 November 2023. An additional 2,500,000 performance rights were issued to employees and consultants.

The Performance Rights milestones will be based on adjusted share price milestone (ASPM) of one fully paid share in the capital of the Company. The price milestone target ascribed to each of the five performance hurdles will be the VWAP over 20 consecutive Trading Days on which Shares have actually traded adjusted for:

- Share price appreciation,
- Declared dividend,
- Capital returns,
- Demergers,
- Cash or scrip or in specie distributions,
- Bonus issues,
- Share splits, and
- Share consolidations.

For example, in the event of a declared dividend, the price milestone target will increase by the aggregate of any amount paid and the value of any associated tax credits.

The VWAP over 20 consecutive Trading Days on which Shares have actually traded price milestone target ascribed to each of the three performance hurdles is based on the share price of \$0.011 as at the valuation date of 18 October 2023 and the ASPM as noted below.

Hurdle number	Share Price at value date	ASPM	% Increase	Value	Performance Period
H1	\$0.80	\$1.00	82%		5 years
H2	\$0.80	\$1.50	173%		5 years
H3	\$0.80	\$2.00	264%		5 years

Australian Accounting Standard 2 Share-based Payment (AASB 2) states in paragraph 19 that vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. On the other hand, paragraph 21 states that market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted.

Therefore, our assessments of performance hurdles relating to the proposed issue of 13,700,000 performance rights are that they are market vesting conditions and in accordance with AASB 2, have been valued using a barrier up-and-in trinomial pricing model based with a Parisian Barrier adjustment on the Share Price as at the valuation date of 18 October 2023 of \$0.55. See the table below which lists the variables used as the basis for the valuation. There is no exercise price paid for the Performance Rights.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

8 Share based payments (continued)

Performance Rights (continued)

Valuation Summary Table			
Item	Performance Rights		
	H1	H2	H3
Valuation date	18-Oct-23	18-Oct-23	18-Oct-23
Underlying Security spot price	\$0.55	\$0.55	\$0.55
VWAP barrier	\$1.00	\$1.50	\$2.00
Exercise price	Nil	Nil	Nil
Commencement of performance period	18-Oct-23	18-Oct-23	18-Oct-23
End of performance period	18-Oct-28	18-Oct-28	18-Oct-28
Performance period (years)	5.0	5.0	5.0
Expiry date	18-Oct-28	18-Oct-28	18-Oct-28
Life (years)	5.0	5.0	5.0
Volatility	110%	110%	110%
Risk -free rate	4.280%	4.280%	4.280%
Dividend yield	Nil	Nil	Nil
Valuation per Right	\$0.52	\$0.50	\$0.485
No. of Rights	1,350,000	1,175,000	1,175,000
Total Value	\$702,000	\$587,500	\$569,875

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

9 Trade and other payables

	CONSOLIDATED	
	31 DECEMBER 2023 \$	30 JUNE 2023 \$
Trade payables (i)	888,076	1,129,868
Other payables (ii)	85,876	75,780
	973,952	1,205,648

(i) Trade payables are non interest bearing and are normally settled on 30 day terms.

(ii) Other payables are non interest bearing and are normally settled within 30 - 90 days.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

10 Issued capital

	CONSOLIDATED	
	31 DECEMBER 2023 \$	30 JUNE 2023 \$
Ordinary Shares	336,760,810	332,320,134

	Number*	\$
Ordinary shares		
Balance at beginning of financial year	87,179,801	332,320,134
Share placement	8,948,200	4,474,100
Shares issued in lieu of a liability payment	500,000	235,000
Costs of capital raising	-	(268,424)
Balance at end of period	96,628,001	336,760,810

During the half year the Company issued 8,948,200 fully paid ordinary shares at \$0.50 to raise \$4,474,100 before costs. In addition, 500,000 fully paid ordinary shares were issued at \$0.47 per share in lieu of a liability payment.

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

* Under AASB 3 the acquisition of Nova Energy Ltd in 2007 was deemed a 'reverse acquisition' and Toro Energy's legal subsidiary Nova Energy Pty Ltd is considered the parent for accounting consolidation purposes. As shares in Nova Energy are not listed or publicly traded the consolidated view does not detail the volume of shares relative to transactions subsequent to the acquisition. The legal parent entity of Toro Energy Limited has been included to provide details of the volume of shares on issue at 31 December 2022.

11 Events after the balance sheet date

After the balance date the Company completed a placement of shares to sophisticated, professional and institutional investors to raise \$12.3 million by the issue of 23,653,847 fully paid ordinary shares at an issue price of \$0.52 per share on 29 January 2024. No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 23 are in accordance with the *Corporations Act 2001* (Cth), including:
 - a. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and the performance for the half year ended on that date; and
 - b. Complying with the 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 and when they fall due and payable.

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



Richard Homsany
Executive Chairman

Signed this 15th day of March 2024

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Toro Energy Limited (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

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 the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard *AASB 134: Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control 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.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF TORO ENERGY LIMITED (CONTINUED)**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and
- ii. complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 15th day of March 2024.

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APPENDIX 1

Wiluna Uranium Project Resources Table (JORC 2012)

At 200ppm cut-offs inside U₃O₈ resource envelopes for each deposit - Proposed Mine Only

		Measured		Indicated		Inferred		Total	
		U ₃ O ₈	V ₂ O ₅	U ₃ O ₈	V ₂ O ₅	U ₃ O ₈	V ₂ O ₅	U ₃ O ₈	V ₂ O ₅
Centipede / Millipede	Ore Mt	4.9	-	12.1	-	2.7	53.6	19.7	53.6
	Grade ppm	579	-	582	-	382	327	553	327
	Oxide Mlb	6.2	-	15.5	-	2.3	38.6	24	38.6
Lake Maitland	Ore Mt	-	-	22	-	-	27	22	27
	Grade ppm	-	-	545	-	-	303	545	303
	Oxide Mlb	-	-	26.4	-	-	18	26.4	18
Lake Way	Ore Mt	-	-	10.3	-	-	15.7	10.3	15.7
	Grade ppm	-	-	545	-	-	335	545	335
	Oxide Mlb	-	-	12.3	-	-	11.6	12.3	11.6
Dawson Hinkler and Nowthanna	Ore Mt	4.9	-	44.3	-	2.7	96.3	52	96.3
	Grade ppm	579	-	555	-	382	322	548	322
	Mlb	6.2	-	54.2	-	2.3	68.3	62.7	68.3

Competent Persons' Statements

Competent Persons' Statement

Wiluna Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates – Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna Deposits

The information presented here that relates to Mineral Resources of the Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna deposits is based on information compiled by Dr Greg Shirliff of Toro Energy Limited, Mr Sebastian Kneer formerly of Toro Energy Limited and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate and Dr Shirliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and Mr Guibal is a Fellow of the AusIMM and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

Competent Person's Statement

Theseus Uranium Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates

The information presented here that relates to Mineral Resources of the Theseus Uranium Project is based on work supervised by Michael Andrew, who is a member of the Australian Institute of Mining and Metallurgy of the Australian Institute of Geoscientists. Mr Andrew is a full time employee of Optiro, and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

Competent Persons' Statement

Wiluna Project Mineral Resources – 2012 JORC Code Compliant Resource Estimates – V₂O₅ for Centipede-Millipede, Lake Way and Lake Maitland.

The information presented here that relates to V₂O₅ Mineral Resources of the Centipede-Millipede, Lake Way and Lake Maitland deposits is based on information compiled by Dr Greg Shirliff of Toro Energy Limited and Mr Daniel Guibal of Condor Geostats Services Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate, and Dr Shirliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mr Guibal is a Fellow of the AusIMM and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

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