



TORO ENERGY LIMITED

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EXPLORATION AND DRILLING UPDATE

Drilling complete for 2008 at the Napperby Project

Toro Energy Limited ("Toro", ASX code "TOE") is pleased to report progress on significant exploration and drilling programs completed in 2008. These are all in or near areas of known uranium mineralisation, and include:

- **Napperby Project, NT** – Drilling was completed with 333 Sonic holes completed for 3,300m and 784 aircore holes for 9,724m. Progress and core recovery were excellent with samples from the Sonic rig now being forwarded for assay.
- To the west of the Napperby Deposit, a further 30 reconnaissance aircore holes were drilled for 1287m. Reduced facies (potential to host uranium mineralization) were noted in the drilling and samples were sent for assay. Gamma logging reported up to 3 times background.
- **Namibia and Guinea Projects, Africa** – A review and restructuring of African interests is underway with a view to providing increased shareholder value, more aggressive project advancement and allow additional focus on Toro's Australian projects which have the potential for near term production.
- **Lake Mackay, WA** – Native Title heritage clearance survey of priority areas completed with the Tjamu Tjamu Aboriginal Corporation and Ngaanyatjarra Land Council.
- **Warrior South, SA** – Targets ready to drill once clearances under the indigenous Exploration Agreement are complete.
- **Exploration Portfolio Upgrade**
Mark McGeough, previously with the SA Geological Survey has joined Toro as General Manager-Exploration to review and drive uranium exploration.

Napperby Project, NT

(Current Inferred Resource: 1,420t U₃O₈ prepared in accordance with the JORC Code)

Drilling at the Napperby Uranium Project, 150kms northwest of Alice Springs in the Northern Territory, was completed in early September. A total of 333 Sonic drillholes for 3300m and 784 Aircore drillholes for 9,723m were completed. The majority of these holes were drilled to assess extensions to the previously reported, inferred resource of 4.6 million tonnes @ 305ppm (0.031%) U₃O₈ for 1,420 tonnes (3.13 million pounds) of contained uranium oxide (using a 200ppm U₃O₈ cut off: refer to ASX Release 25 July 2008).

The Napperby Project is an historic mineralised zone discovered and explored by CRA Exploration and Uranerz in the late 70's early 80's. The project comprises an extensive, consistent mineralised zone within 3 to 7m depth from surface in semi-consolidated and unconsolidated sediments. The project is close to infrastructure, being 150km NW of Alice Springs along the sealed section of the Tanami Highway, within 20km of the Alice Springs to Darwin gas pipeline and with access to the main N-S railway through Alice Springs.

Toro Energy has an Option Agreement with Deep Yellow Ltd over the Napperby Project which allows 100% purchase of the project at a capped price per resource pound (lb) basis at any stage, over a three year period.

Air core holes were drilled at nominal 100m centres and logged with a calibrated gamma probe. Corrections of gamma data were made for casing type, probe crystal K factor and ground water level, to produce equivalent grades ('eU₃O₈'). Previously reported disequilibrium studies have provided confidence in eU₃O₈ values at Napperby and gamma data are therefore universally corrected for disequilibrium by a factor of 1.4. Any hole reporting greater than 100ppm.m eU₃O₈ is twinned with a Sonic hole that provides samples for assay, as well as additional calibrated gamma data. Once all Sonic hole assays are available and validated, an updated resource will be estimated using these results. It is expected that the updated resource figure will be available in early 2009.

The gamma equivalent grade x thickness from the 2007 and 2008 drilling to date continues to show very good continuity along the palaeochannel. (Refer Figure 1).

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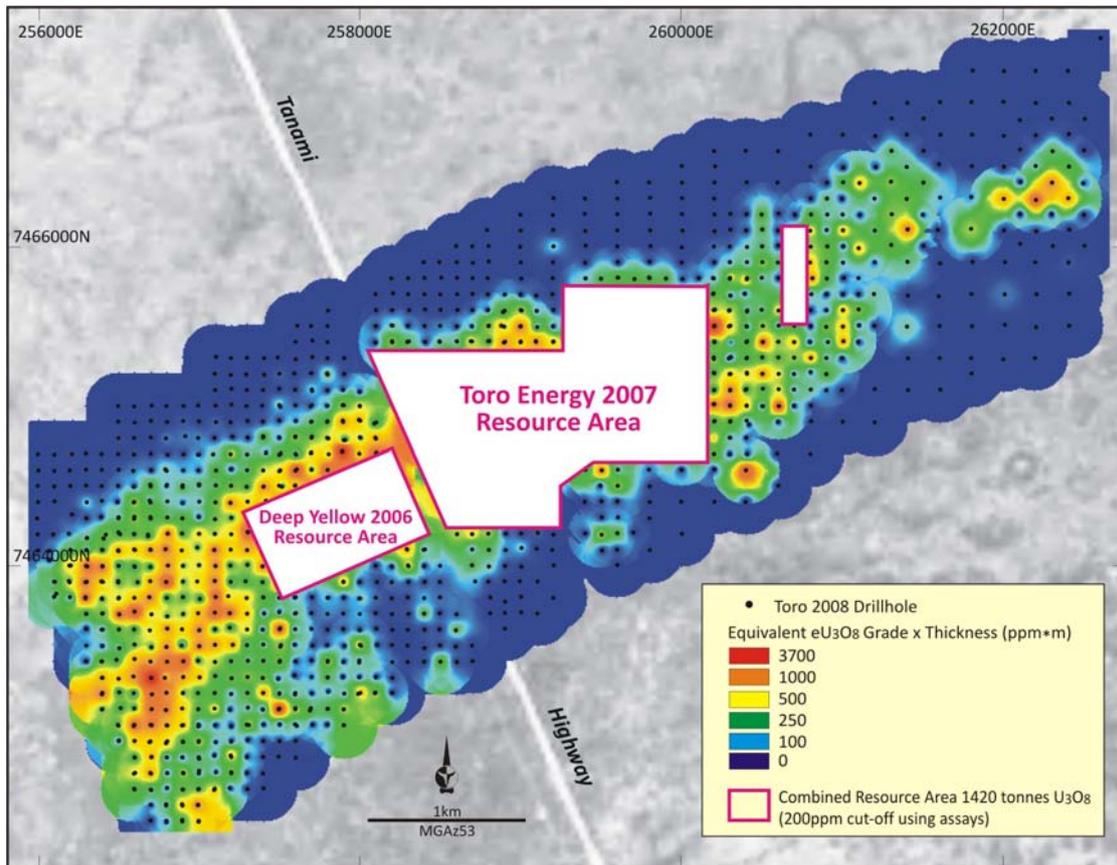


Figure 1 : Completed Toro 2008 drilling showing grade x thickness (GT) using corrected eU₃O₈ equivalent grades

Notes on the analysis in Figure 1:

- 1) Grade x thickness (GT) – the product of grade (U₃O₈ppm) and ore thickness (metres) is used as an indicator of potential mineability.
- 2) eU₃O₈ grades shown here are for indicative mineralisation purposes only, and samples from the sonic drilling have been gathered under QAQC procedures and dispatched for assay. Initial results are pending. Gamma eU₃O₈ grades are currently not used by Toro for resource calculation purposes, but this will depend if ongoing disequilibrium work provides the basis for increased confidence in grade estimation from gamma data.
- 3) Data were generated by applying a cut-off of 130 ppm eU₃O₈ to the gamma derived grades. GTs were then calculated and a grid applied. The lowermost GT increment in this figure, 100ppm.m, translates to a grade of 130 ppm with a thickness of 0.75m.

A further round of metallurgical leach and column tests is now underway to test the suitability of the Napperby mineralisation to beneficiation, leach processes and potential heap leach mining.

The Central Land Council and Toro Energy hosted a traditional owners' meeting at Laramba with up to 70 traditional owners attending. Information was provided on the Napperby project and a site visit was also conducted.

Baseline environmental and radiometric studies have also been completed. These will feed into a planned Scoping Study for the project, during early part of 2009.

Napperby Regional Exploration

A total of 30 aircore holes were drilled at roughly 1-2km spacing along a road to the west of the Napperby Deposit. The drilling was designed to test for uranium mineralisation in a deltaic environment close to Lake Lewis. Reduced facies (potential to host uranium mineralisation) were intersected in most holes below 80m. Gamma logging reported up to three times background, with samples taken for assay. Results for samples are expected in late Q4.

Namibia Projects, Africa

EPLs 3668, 3669 and 3670 - 100% Toro Energy through Nova Energy (Namibia) (Pty) Ltd

Through Nova Energy (Namibia) Pty Ltd, Toro is exploring three Exploration Prospecting Licences. The most recent exploration results are from the Chungochoab licence.

The Chungochoab licence is a large EPL (3670) that covers a tract of land about 80km² south-southeast of Swakopmund. The geology in this area comprises shallow drainages and scattered outcrops. Three anomalies are evident on airborne radiometric data. Two of these are underlain by calcrete and have been the subject of an alpha cup survey. The cups were planted in the late 2007 and a second group in early 2008. Review and assessment of the data has been completed recently.

The alpha cup results show significant radon signatures over potential palaeochannel areas, which align with the more regional radiometric data. A drilling program has been proposed (refer Figure 2).

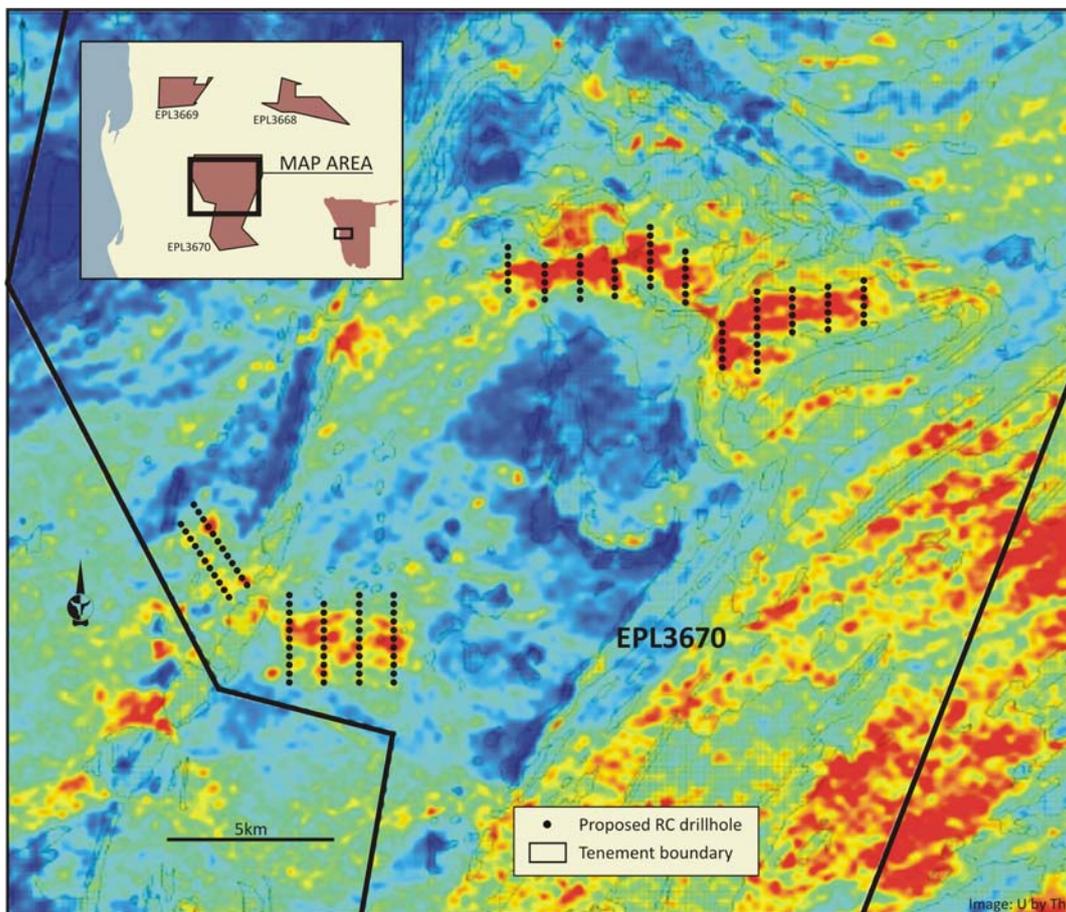


Figure 2 : Radiometric Anomalies and Proposed Drill Sections

The Company is in the process of reviewing and re-structuring its interests in Africa with a view to providing increased shareholder value, more aggressive project advancement and allow additional focus on Toro's Australian projects which have the potential for near term production.

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Lake Mackay Project, WA

The Lake Mackay project covers 3,286km² of unexplored ground in the Lake Mackay area in eastern Western Australia, adjacent to the Northern Territory border. A large high-amplitude uranium channel radiometric anomaly is located over the southern part of Lake Mackay and is one of the target areas for exploration (Figure 3). Amadeus Basin sediments (Neoproterozoic) are present to the south of Lake Mackay and these overlay Mesoproterozoic basement further to the south. The upper most Amadeus Basin sediments are Devonian-Carboniferous in age, and are considered prospective for roll-front type deposits such as those found at the Bigirlyi and Angela Prospects in the Ngalia and Amadeus Basins.

The Mesoproterozoic basement has also never been explored, and comprises rocks of similar age and character to those that host the IOCG deposits of the Gawler Craton, including Olympic Dam. Areas of playa lake calcrete are prospective for shallow carnotite mineralisation analogous with the Lake Way-Centipede area in WA.

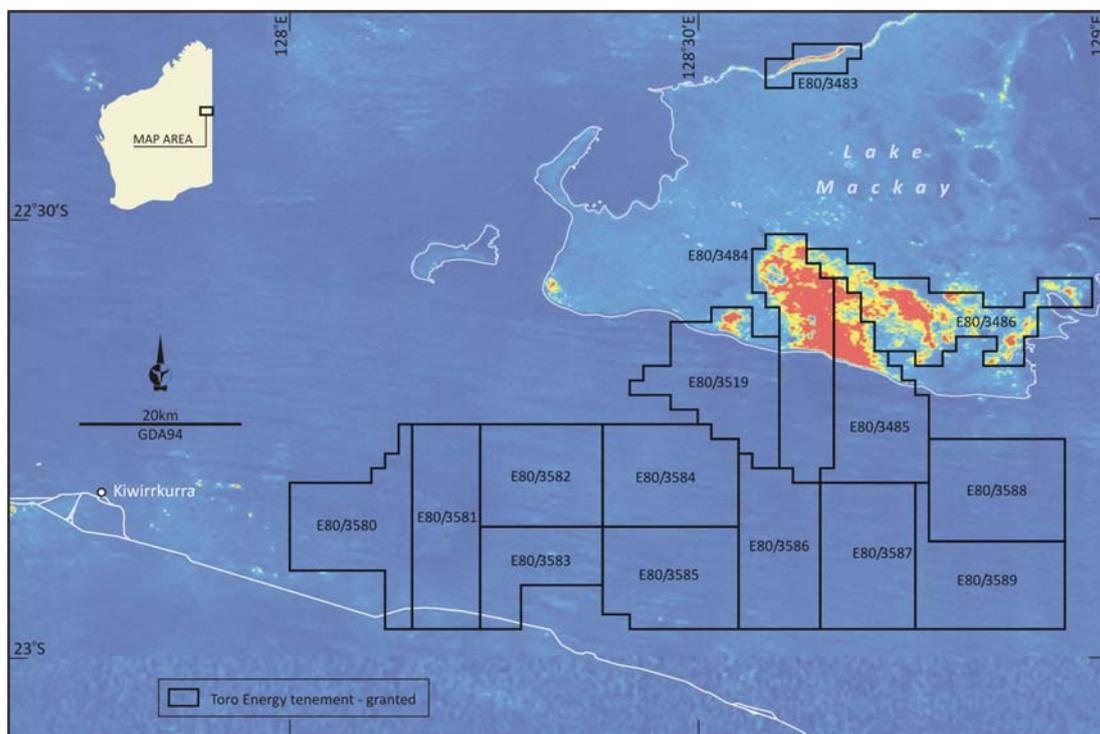


Figure 3 : Uranium Channel Radiometric Anomalies and Lake Mackay tenements

After the achievement of an Access Agreement with the Tjumu Tjumu Indigenous group and the Ngaanyatjarra Land Council in the Lake Mackay region of WA, the first heritage survey was completed in late September.

An initial planned work program comprising detailed airborne radiometrics-magnetics and a reconnaissance heli-borne sampling survey was submitted to the Central Desert Native Title Services as representatives of the Traditional Owners. Figure 4 shows the regional magnetic anomalies from 400m line space airborne magnetics. Upon approval of this program, Toro Energy is aiming to commence a 100m line spaced airborne survey.

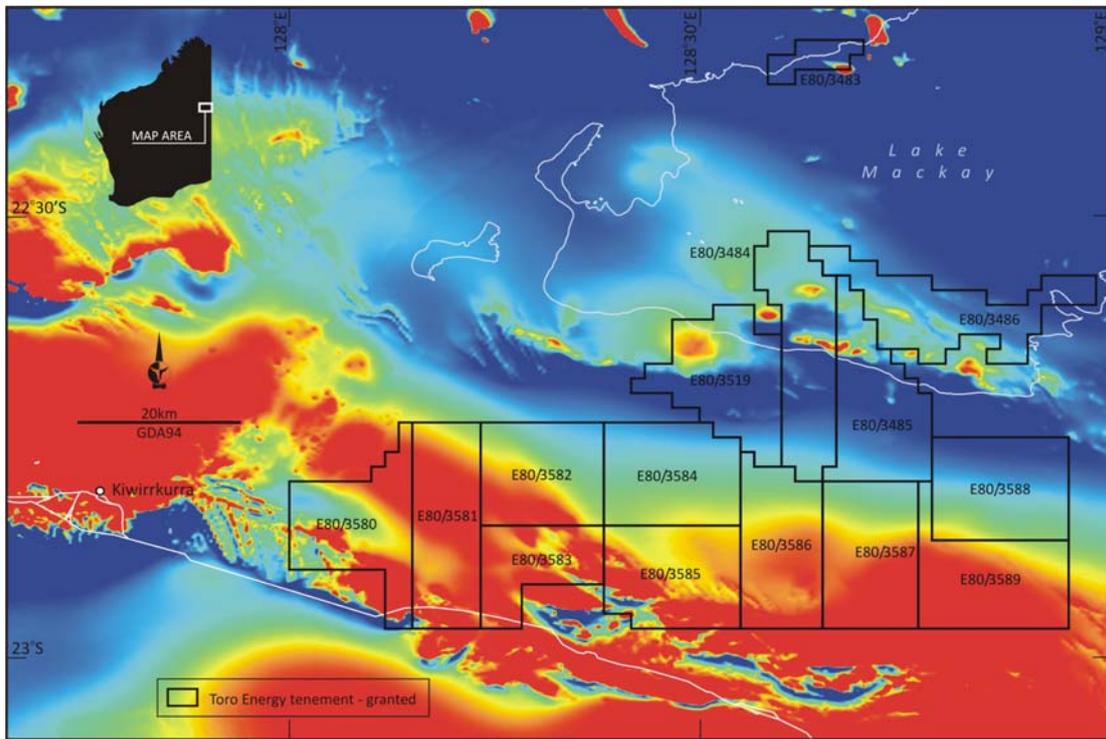


Figure 4 : Total Magnetic Intensity for Lake Mackay tenements

Warrior Project Groundwater Studies

Samples of groundwater that were airlifted and bottled from eighteen drillholes at the Warrior Prospect were sent to ALS for assay of salinity, entrapped in suspension and dissolved uranium. Figure 5 shows that of the 15 samples submitted, eight did not have sufficient uranium to be measurable. However, the sample from drillhole AC08WA297a reported a concentration of dissolved uranium, over 0.4 ppm. This strongly suggests that uranium from this sample has been dissolved and is potentially mobile in groundwater. The sample is from a drillhole located in the interpreted floodplain area to the west of the main channel as with the uranium anomalous groundwater sample from AC08WA351.

On-ground site clearance of the highly prospective Warrior palaeochannel south of the rail line will proceed in the forthcoming months and an Aircore drill program is planned for early 2009. The interpreted 2006 AEM survey data for this area suggests uranium trap areas (pinch outs) and an extensive lagoonal depositional area exists in the tenement EL3369(W).

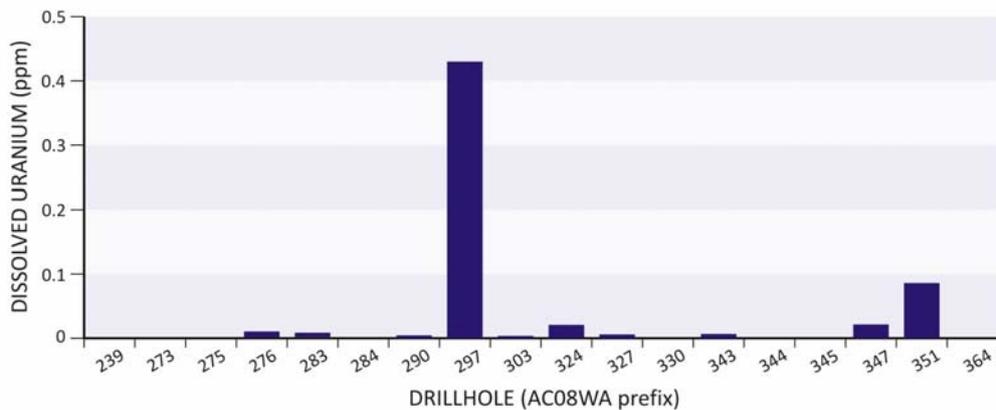


Figure 5 : Dissolved Uranium Results from the Warrior Prospect

Radium Hill Project (Bonython Hill)

The Radium Hill Project is prospective for 'hardrock' metasomatic and magmatic style uranium within metasedimentary rocks of the Curnamona Province. Historic uranium mining took place at the adjacent Radium Hill deposit and further uranium potential exists in the area.

In addition to the hardrock potential, Toro Energy recently carried out reconnaissance mapping and has identified Tertiary palaeodrainage channels emanating from radiogenic basement inliers of the Curnamona Province. These channels cross the eastern and western boundaries of the tenement and have not previously been tested for secondary uranium. Toro Energy has formulated an aircore drilling program and is currently planning work for the latter part of 2008 or early 2009.

Relinquishments and Reductions

Following a thorough review the following tenements within projects are in the process of being relinquished or reduced in size:

- **Grass Patch (WA)** - E63/1008, E63/1009, E63/1010, E63/1011, E63/1012, E63/1013, E63/1014 and E63/1015. Negative drilling results.
- **Yaninee (SA)** – EL3255 Eldale, and part of EL3135 Kottata Well and EL3367 Broadacres. These tenements had been extensively explored by Minotaur Exploration with negative results.
- **Amadeus (NT)** – EL's 25050, 25051 and 25052 were significantly reduced in area. Drill traverse locations on remaining areas have been approved by the Central Land Council.
- **Guinea (Africa)** – One tenement 2006/154 has been relinquished with 2006/153 reduced in area by one half. Drill access is now complete and drilling could take place this dry season from December to March.
- **Kingoonya JV (SA)** Toro has informed Helix Resources of its intention to withdraw from exploration on EL's 3403, 3335 and ELA 2006/389. The location of the target palaeochannel adjacent to the Yellabinna Wilderness Reserve significantly raises the risk of exploration in this area.

New Exploration Target Areas

Toro Energy has current applications over 6,500 km² of prospective geological domains in the Northern Territory, covering both pastoral and Aboriginal Freehold land (refer Figure 6).

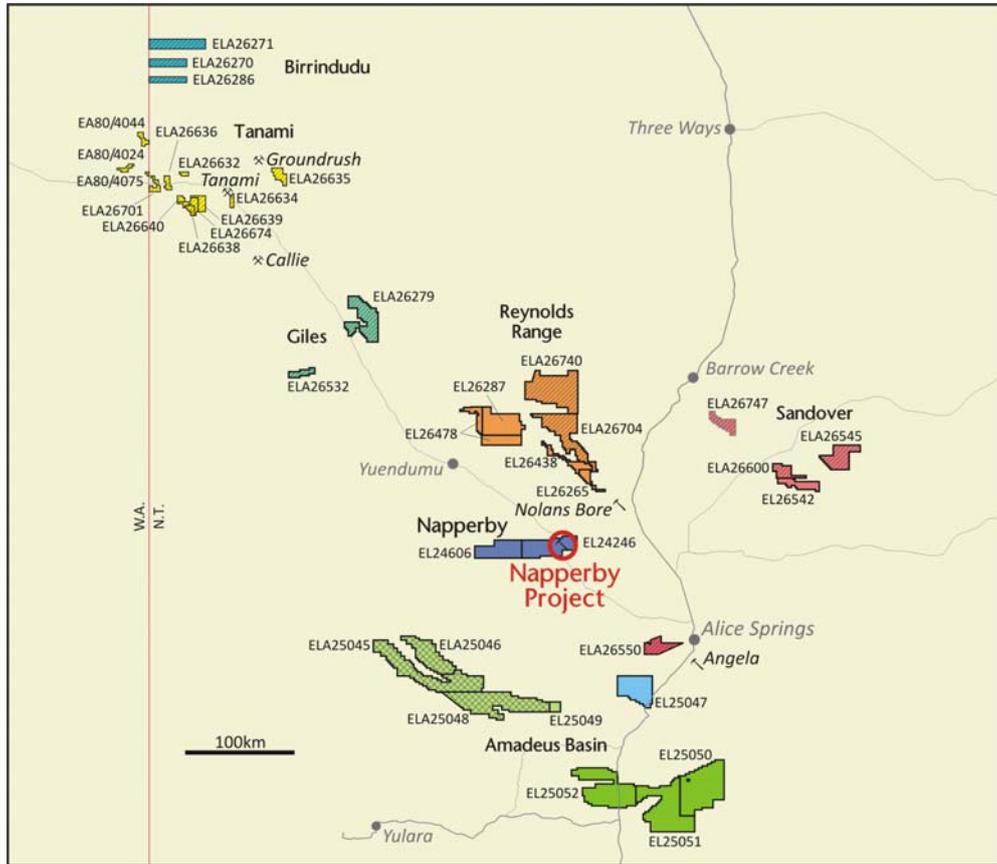


Figure 6 : Northern Territory Exploration Licenses and Applications

These largely cover the Tanami and Arunta domains of central Australia where there are established radiogenic source rocks and favourable host rocks, together with appropriate palaeotectonic conditions, for the development of primary magmatic, metasomatic, unconformity, sandstone and calcrete style uranium deposits. Economic or sub-economic examples of each of these deposit styles exist in the Northern Territory, including Ranger and Jabiluka (unconformity), Nolans (metasomatic), Bigrlyi and Angela (sandstone), and Napperby (calcrete). Toro Energy is actively pursuing grant of these applications, including liaison with Aboriginal groups and the Central Land Council in formulating access agreements. Exploration proposals and budgets have been set in readiness for grant.

Yours faithfully

Greg Hall
Managing Director

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- 1) The information in this report that relates to Mineral Resources is based on information compiled by SRK Consulting by Mr Daniel Guibal who is a Fellow (CP) of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Guibal is a fulltime employee of SRK Consulting, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guibal consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.
- 2) Information in this report relating to Exploration Results from the Napperby Project is based on information compiled by Dr David Rawlings who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Rawlings is a full-time employee of Toro, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Rawlings consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.
- 3) Information in this report relating to Disequilibrium Results from the Napperby Project is based on information compiled by Mr David Wilson BSc MSc who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Wilson is a full-time employee of 3D Exploration Ltd, a consultant to Toro and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wilson consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.
- 4) The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Mark McGeough who is a Member of the Australian Institute of Mining and Metallurgy and a full time employee of Toro Energy Limited and has sufficient exploration experience for the various styles of uranium mineralisation under consideration. He qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mark McGeough consents to the inclusion of the information in this report in the form and context in which it appears.

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