TORO GOLD

Toro Gold Ltd

Annual Report 2015

Contents

Overview

Since completing a Definitive Feasibility Study and associated Environmental and Social Impact Assessment in mid-2015 for the Petowal Gold Project - formerly known as the Mako Project - Toro Gold Ltd has made significant progress over the last 12 months in advancing the Project to the start of construction in addition to making excellent progress across a pipeline of exploration projects in Cote d'Ivoire, where the Company operates 6 permits under joint ventures.

Petowal Gold Project:

In late 2015 and early 2016, the Definitive Feasability Study ("DFS") was re-optimised resulting in:

- Improvements in both the Project's Resources and Reserves based on an infill drilling campaign
- Reduction in forecast construction costs while simultaneously moving to a fixed price EPC contracting strategy
- Identification of Resource and Reserve growth opportunities both inside the permit areas and within truckable distances from the Project

Further progress was made through 2016, which included:

- Environmental & Social programmes progressed which benefit from strong stakeholder support
- Successful satisfaction of the Senegalese permitting requirements leading to the granting of a 15 year Mining Concession and associated fiscal agreement in July 2016
- Full project construction commencing in July 2016 with an estimated first gold pour scheduled for the start of 2018

Cote d'Ivoire Exploration Portfolio

- Toro Gold has been operating 6 permits under a Joint Venture agreement with ASX listed Predictive Discovery Ltd ("Predictive Discovery") across Cote d'Ivoire during the last 12 months
- Toro Gold completed first pass exploration work across 5 of these permits resulting in the identification of 3 drill targets:
  - Boundiali Permit – 6km soild anamoly at the Nyangboue Prospect
  - Kokuombo Permit – Multiple soil anomalous zones
  - Ferkessedougou Permit – 3km soil anomaly at the Lomi Prospect
- A 5,000m RC Drill programme at Nyangboue returned highly encouraging results demonstrating the potential to develop a standalone resource. Highlights included:
  - 28m at 4g/t Au from 3 metres
  - 20m at 2g/t Au from surface
  - 14m at 5.5g/t Au from 32 metres

Petowal Hill (Source: Suzanne R Livingstone)

Chairman's Statement

It is with great pleasure that I am able to update you on the progress of Toro Gold over the last year. Despite challenging conditions for the mining sector, the Company has been able to maintain not only its momentum with respect to the development of the Petowal Gold Project in Senegal, but also recommence the building of a pipeline of exploration projects that will hopefully support further growth and value creation.

After the successful completion of the Petowal DFS and ESIA in 2015, the management team continued the pre-development activities during the second half of 2015. Submissions for permitting were lodged with the Government of Senegal during the third quarter of 2015 while in parallel an optimisation of the DFS was completed.

Recognising the challenging market conditions in late 2015, the management team undertook two exercises in an attempt to deliver a more financially robust project. A re-optimisation of the DFS yielded benefits to the Project through an increase in resources and reserves while improving the mining schedule to assist in managing the waste mining. In addition, the Company changed the construction contracting approach from an EPCM model to a "fixed price" EPC model. After a competitive tender process in Q1 2016, the Company was successful in securing a fixed price construction contract that gives better surety of construction costs and schedule while also delivering a lower overall development cost.

The combination of these optimisation results aligned to the lower financial risk EPC approach places Petowal in a relatively small peer group of "shovel ready" projects that demonstrate acceptable financial returns at gold prices down to US$1,050/oz. I believe the Project is further derisked by being supported by an experienced board and management team.

Given our long standing commitment to a transparent and consultative engagement process, the Project enjoys broad stakeholder support. Without the requirement for physical relocation of local communities the Company has been able to successfully conclude negotiations for compensation for livelihood restoration with these groups leading to an ability to commence construction immediately.

From the earliest stages post discovery of the Project, the Company has recognised the Project's environmental and social setting. Work with local communities around employment and training opportunities, diversification of sustainable livelihood activities and support for the Niokolo-Koba National Park have been integral to the Project's activities. It is our belief that when operated in a safe and responsible manner the Project will have significant and long term positive impacts on the social and environmental landscape of Eastern Senegal. Our work with the National Parks Department, domestic and international conservation agencies and local communities will not only seek to arrest the long term trend of degradation of the eastern areas of the Niokolo-Koba National Park, but also support the progressive redevelopment and improvement of these critical areas for the benefit of Senegal. While this is an ambitious target, the Company is committed to working with both domestic and international experts via an independent advisory panel to ensure that the Project leaves a positive and lasting legacy.

I am delighted to say that the Government of Senegal has continued to work closely with the Company and the Project received a 15 year mining concession with supporting fiscal agreement and environmental approvals in July 2016.

Community engagement session near Mako (Source: Suzanne R Livingstone)

With the concession awarded, the development and operational plans finalised, the Company approached international investors to secure the funding necessary for the development of Petowal. With a robust Project demonstrating strong financial returns, confidence in the Toro Gold team plus the recognition of Senegal as a stable jurisdiction which is "open for business" the Company has been able to progress the required development funding of US$177 million. With permits awarded and a construction contract finalised, the Company committed to the development of Petowal in July 2016. Given the 18 month construction window, we anticipate that first gold will be poured in early 2018.

As if the work in Senegal was not reason enough to be positive about the progress made by the Company, I am delighted to report that we are starting to see encouragement from our exploration programmes. While the recent past has seen limited exploration take place across West Africa, at Toro Gold we recognise the importance of the "drill bit" in maintaining and creating shareholder value. Given the sustained track record of our team, the Company entered into a number of exploration joint ventures in 2015 and 2016 focussing on the largely unexplored Birimian terranes of Cote d'Ivoire.

It is therefore with great satisfaction that we have seen some excellent early success in this area with the recently announced drilling results from the Boundiali Permit starting to justify this decision. While there remains significant work to do, by establishing our footprint in Cote d'Ivoire in addition to achieving this early success, we believe that Toro Gold is well positioned to continue to create shareholder value.

We look forward to a busy period over the coming 18 months of construction at Petowal aligned with the exploration efforts in Cote d'Ivoire – despite the inevitable challenges that will come our way, I believe that the team we have are well placed to deliver into the considerable potential the Company has and justify the faith that our investors have shown in us. With the continued support of our partners in Senegal and Cote d'Ivoire, I look forward to updating you on our progress over the next 12 months.

Mark Connelly

Chairman

Exploration activities in Cote d'Ivoire

Operations Review

Petowal Gold Project, Senegal

Renaming the Project

Following the completion of the DFS and associated ESIA during mid 2015, the Company continued to prepare for construction. With the Project now moving from the exploration phase and into the construction and operational phases, the previous name of Mako Exploration Company SA was no longer appropriate. As such the Project was renamed to the Petowal Gold Operation ("PGO") which is owned and operated by the Senegalese registered company Petowal Mining Company SA ("PMC"). The name Petowal comes from the local Malinke dialect and means "big boulders" and relates to the rocky nature of the Galeakouto hill mass which hosts the deposit.

Project Permitting

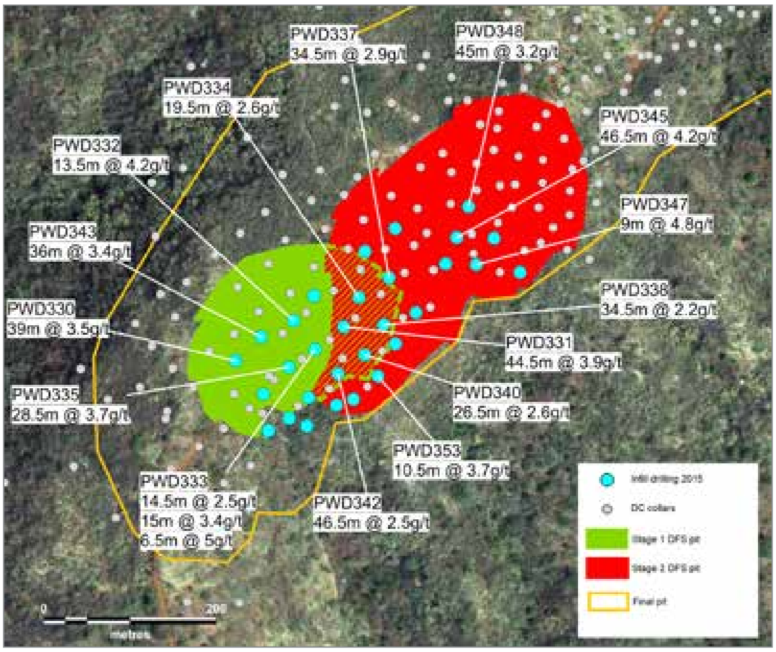
The DFS and ESIA documents were submitted to the relevant Government departments during Q3 2015 to launch the formal permitting process for the Project. During Q4 2015 the Project was approved from an environmental and social perspective following an extensive stakeholder consultation process and evidenced by the award of an Environmental Compliance Certificate ("ECC"). Shortly thereafter the Company reached agreement with the Government of Senegal in respect of the fiscal regime to be applied to the Petowal Gold Operation via the signing of a Convention Miniere which details the financial framework for development and operations such as royalty payments, tax holidays and institutional support requirements.

With the DFS, ECC and Convention Miniere all finalised and agreed with the Government, a Presidential Decree was signed in July 2016 awarding a 15 year Mining Concession in respect of the Petowal Gold Operation. The award of the mining concession grants Toro Gold the right to develop and operate the Project and represented the remaining significant authorisation prior to the commencement of full development activities.

DFS Optimisation

In parallel with the permitting process the Company continued to advance the Project from a technical perspective in preparation for the start of construction. Work focussed on both the optimisation of the DFS (with the expectation of improving the Project's financial return) and the detailed engineering and preparatory works required to support the start of full construction.

As part of the optimisation process, a final infill drilling campaign was completed in late 2015 over an area of the open pit that will be mined during the first 18 months of production. The programme consisted of 31 core drill holes for a total of 1,850 metres and was designed to reduce the drill spacing over the Starter Pit area from 40 X 40m to 20 X 40m. Results from this close spaced drilling programme were used to update the Mineral Resource statement for Petowal during early 2016 and resulted in an improved Resource statement indicating more contained gold at a higher average grade when compared to the 2015 Resource statement.



2015 Infill programme drilling collar plan

Given the updated Resource statement, the mining schedule was similarly updated to include this new resource model and to attempt to re-profile the waste stripping in order to bring the annual stripping ratio closer to the life of mine average. This re-profiling resulted in a number of operational advantages for the Company such as reducing the planned size and utilisation of the mining fleet through to the timing of cashflows all of which help to further derisk the Project.

With the Resource and Reserve update completed along with an associated re-working of the mining schedule, the Company took the opportunity to complete a full review of the project development capital costs including the project design in an attempt to achieve a more capital efficient project design. Several opportunities were identified and incorporated into the optimisation study leading to a reduction in development costs without material impacts on the operational performance of the project.

Updated Resource and Reserve Statements

Based on the Optimisation work as detailed above, the Company completed updates for the Project's Resource and Reserve Statements in 2016. Both the Mineral Resource Estimate and the statement of Ore Reserves as stated below have been calculated, classified and reported in accordance with JORC 2012 guidelines*.

*(*The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves.)*

2016 Resource Statement

Classification	Tonnes (kt)	Grade (g/t)	Cont Gold (koz)
Measured	11,900	2.03	779
Indicated	9,900	1.77	564
Inferred	1,100	0.81	30
Total	**22,900**	**1.86**	**1,370**

The Mineral Resource Estimate ("MRE") tabulated above, is dated 28th February 2016 and is stated above a lower cut-off of 0.5 g/t gold. The Mineral Resource Report was completed by Rick Adams from Cube Consulting Pty Ltd. The Mineral Resource was estimated using a local uniform conditioning methodology and limited to material with a reasonable expectation of exploitation by open pit methods. The 2016 MRE supersedes the 2015 MRE as published on 14th April 2015 where the 2016 MRE shows a small increase in tonnes (+0.4%) and grade (+1.7%) for an increase in gold metal (+2.0%). The upgrade from Indicated to Measured Mineral Resources resulted in an additional 23.0% tonnes (2.23Mt) and 24.2% gold metal (152kOz) classified as Measured.

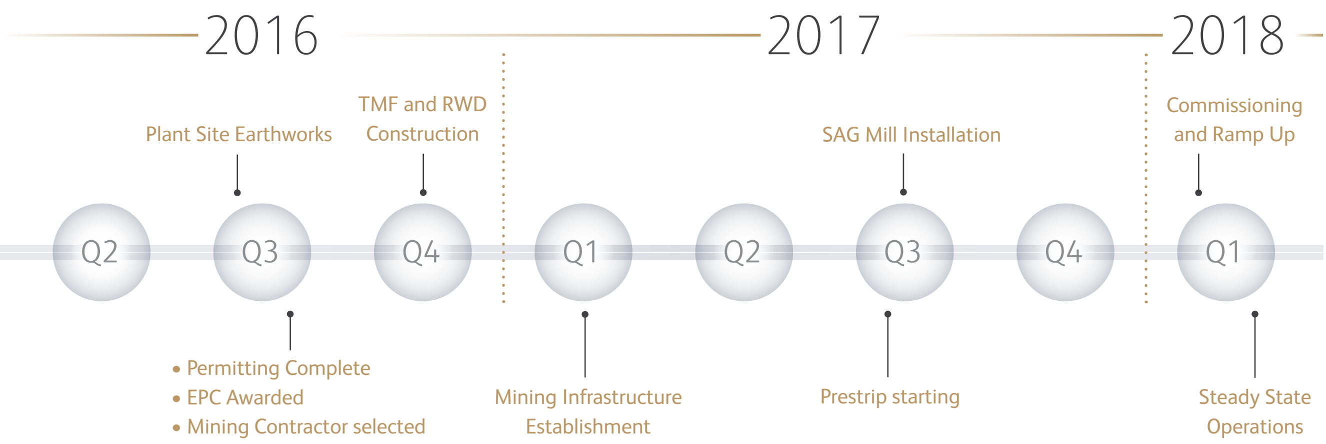
2016 Reserve Statement

Classification	Tonnes (kt)	Grade (g/t)	In-situ ounces (koz)
Proved	9.4	2.31	698
Probable	4.9	2.12	332
Total	**14.2**	**2.25**	**1,030**

All stated Ore Reserves are completely included within the quoted Mineral Resources and are quoted in dry tonnes. The reported Ore Reserves have been compiled by Mr Harry Warries. Mr Warries is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Mining Focus Consultants Pty Ltd. He has sufficient experience, 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 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Warries gives Toro Gold Limited consent to use this reserve estimate in reports.

Construction and Mining Contracting

In parallel with the re-optimisation of the DFS, the Company decided to review the construction contracting methodology during late 2015. The Company had previously contemplated an EPCM approach to construction, but based on the ability to move substantially more of the development costs to a fixed price basis and hence lower the risk of construction cost overruns, the decision was taken to evaluate the use of a fixed price EPC methodology. The Company undertook a competitive tender process in early 2016 and requested bids for a "Fixed Price EPC" approach to construction. The result being offers for a Fixed Price EPC construction contract at a lower overall construction development cost than that contemplated in the DFS. Lycopodium Minerals Ltd of Australia was selected as lead construction contractor based on their strong tender offer and an unrivalled track record in successful delivery of gold plants in Africa over the last twenty years and have an excellent knowledge of the Project based on their work leading the PFS and DFS studies on behalf of the Company.



Full construction for the project is anticipated to take 18 months with first gold scheduled for the start of 2018.

In preparation for the commencement of full construction, the Company further developed its owners team with a number of key appointments. Working under the direction of Russell White, the team was established during late 2015 in anticipation of full construction activities taking place in the middle of the year. In order to ensure a fast and efficient start to full construction the Company has completed a number of pre-development activities at the Project site: access road upgrades, expansion of existing camp facilities and development of laydown areas with supporting fuel and water services.

With the granting of the mining concession the Company commenced full development activities in August 2016.

HDPE liner installation works

Preliminary earthworks at Plant site

Environmental and Social work

The Environmental and Social Impact Assessment (ESIA) for the Petowal Project was prepared by Earth Systems in line with Senegalese regulations and those of international investor / lender community, with specific reference to the IFC Performance Standards. Key contributors to the ESIA included rePlan; The Biodiversity Consultancy; and the Institute of Environmental Sciences and the Institute of African Arts (IFAN) at the University of Cheikh Anta Diop in Dakar.

Following 3 years of baseline studies and stakeholder engagement the ESIA was submitted to the government in September 2015. It was validated by a Technical Committee and approved by the Government in December 2015. The ESIA concludes that with careful implementation of the proposed management, mitigation and offset / compensation measures, the Project should provide a net socio-economic benefit to local communities and to Senegal without compromising the integrity of the Gambia River, Niokolo-Koba National Park ("NKKP") or the broader environment.

The output of the environmental and social assessment has been fully integrated into Project design with careful consideration to avoid and minimise adverse impacts. The Project has been designed to enable it to be closed in a safe and stable manner once mining and mineral processing is complete.

Through feasibility and permitting phases of the Project, the Company has advanced 3 key components of its environmental and social mitigation programme, namely: land acquisition and livelihood restoration; local employment; and biodiversity offsetting.

Land acquisition and livelihood restoration:

The Project has been designed to avoid the need for physical displacement (resettlement), however there will be some unavoidable impacts on lands that will result in a partial loss of livelihood for some families. The Company is committed to improve the livelihoods and standard of living of these affected families.

Since Q3 2014, the Company has worked closely with affected communities to understand the extent of the livelihood impacts. The Company also initiated a number of pilot livelihood programs that included the demonstration of solar-powered irrigation; improved rain-fed agriculture as well as the creation of new livestock water points within community grazing areas.

In preparation for land acquisition a Negotiation Forum was established in Q4 2015, made up of elected representatives of affected communities, to discuss and reach agreement on appropriate compensation and mitigation measures. This negotiated agreement for land acquisition and livelihood restoration was formally signed in June 2016.

An independent review of the environment and social programme conducted in March 2016 concluded: *'Social License to operate is excellent, with community relationships built up through a multi-layered engagement process over several years, resulting in strong perceptions of transparent, collaborative working relationships in a partnership arrangement'*.

The implementation of most livelihood restoration activities began in July 2016, and should be substantially complete two years later. Thereafter, supplementary activities will be developed to improve livelihoods, such that affected families are 'better-off' as a consequence of Project development.

Dry season vegetable campaign, Tambanoumouya Market Garden

Tambanoumouya Market Garden production

Local Economic Participation:

The Company recognises the importance of leveraging development of the Petowal Project to increase the net positive benefit for local communities. As a component of the ESIA, the Company prepared a Local Economic Participation Plan which aims to enhance the opportunity for local employment, local procurement and enterprise development, through preference for local sourcing.

In preparation for Project Construction, the Company prioritised the formalisation of its local employment procedures and to ensure these procedures are well understood and supported by local stakeholders. To this end, a Technical Working Group for Local Employment has been established comprising elected representatives from local communities within the Commune of Tomboronkoto. Meetings are held with the Technical Working Group on a monthly basis to review Project employment activities, recruitment needs and skill requirements.

To facilitate project recruitment, a database has been developed for the registration of local job-seekers. The Company and its Contractors use this database to identify applicants who meet the minimum skill requirement. All registrants receive pre-employment training to support them prepare for a potential work placement. It is acknowledged that the availability of qualified persons within the local area will not be sufficient to meet project needs – particularly during the construction phase. In addition, an agency has been engaged by the Company to support with identification of skills where these may be available elsewhere within the Kedougou region.

Members of the local employment consultative committee and the Sous-Prefet of Bandafassi (source: Suzanne R Livingstone)

Biodiversity panel and conservation stakeholders

Biodiversity Offset Programme:

The Company recognises that the Petowal Project is situated in an area of high biodiversity sensitivity, in particular its proximity to the NKNP and the Gambia River, and is therefore committed to implementing the Project in an environmentally and socially responsible way.

The ESIA concluded that there will be no significant direct impact on the outstanding universal values (OUVs) of the NKNP, but there will be a residual loss of chimpanzee habitat in areas outside the Park and within the Project permit. A programme to offset the residual impacts of the Project commenced in May 2016, with the over-arching goal of achieving a No Net Loss on priority biodiversity features through life-of-Project. The offset programme is designed to improve protection of biodiversity over a broad ecological landscape, including the current status of OUVs within the NKNP. Development of the offset programme is guided by an independent Advisory Panel comprised of eminent national and international conservationists.

In conjunction with Panthera (an international conservation group with demonstrated delivery capacity in Africa and globally) the Company has developed an exciting proposal to support enhanced security, monitoring and conservation management in the southeastern section of the NKNP. Allocating sufficient resources for the maintenance of conservation values in the NKNP has always been difficult for the Senegalese Government. In 2007, UNESCO added the NKNP to the list of World Heritage sites in danger due to threats to the ecological integrity of the Park. The Panthera proposal will enhance the capacity and resources available to the NKNP through partnerships and efficient implementation of targeted, robust conservation programmes. We hope that this can demonstrate a forward thinking, constructive engagement model through which the private sector, conservation groups and government agencies can work together to a common objective.

Through these and other programmes, the Company aims to maintain positive relationships with local stakeholders and ensure that mine development is beneficial to local communities as well as to Senegal as it moves through to construction and operations.

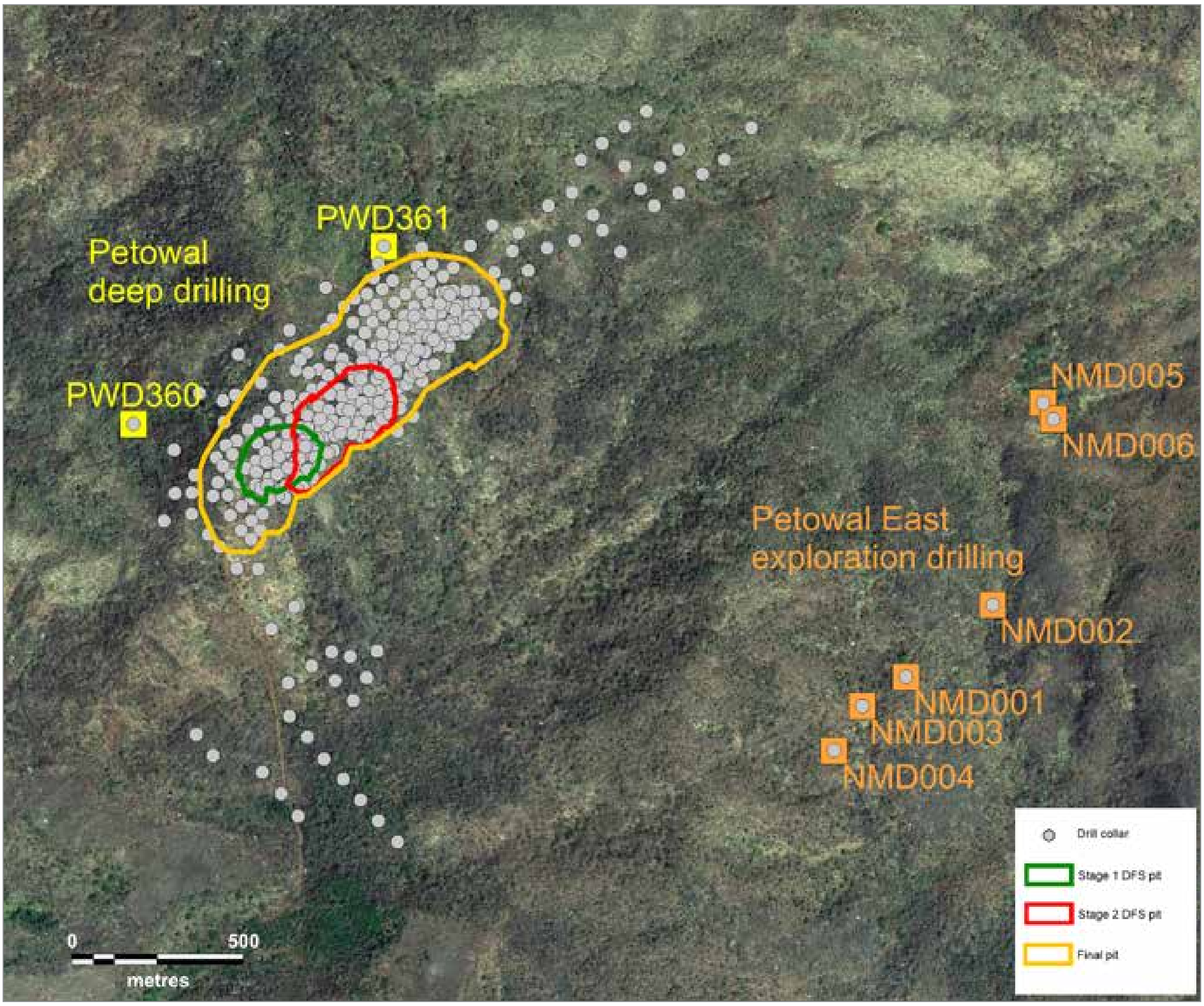
Group Exploration

Senegal

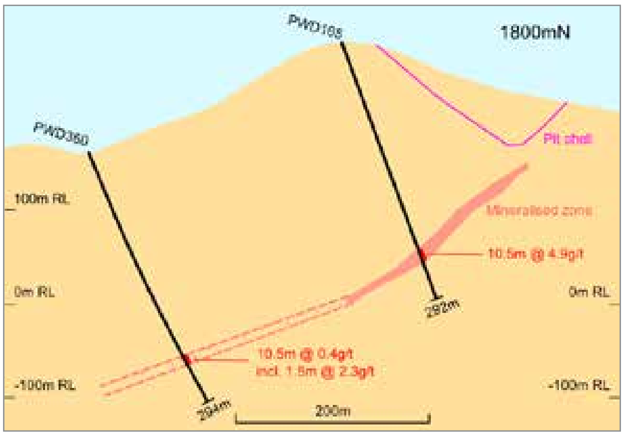
During 2016, a limited exploration drilling programme was completed at Petowal with the aim of expanding the Company resource base: a series of soil anomalies some 2km to east of the open pit plus potential depth extensions below it.

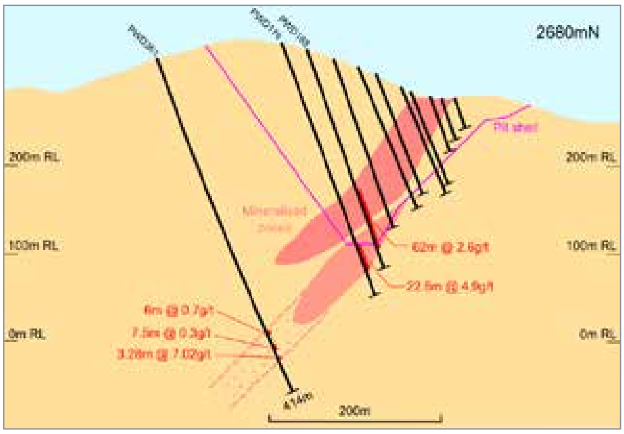
At the Nyamanoukou and Petowal East prospects, 6 initial core drill holes were completed during April and May 2016 (540 metres) and targeted the Nyamanoukou Shear Zone. The drill target was an ENE trending shear zone, identifiable from a mappable zone of field exposures coincident with gold-in-soil anomalies, scattered areas of artisanal mining, ore grade grab and chip samples from surface exposures and one 30cm quartz vein with visible gold. However, while mineralisation was encountered in some of the holes no zones of mineralisation that could be considered as potential mining targets were intersected and no further work is planned at this stage on this area.

More success was had with the deeper targets however. A Structural Study of the Petowal mineralisation was carried out by SRK Consulting Ltd (UK) in February 2016 which supported management's view that there remains underground resource potential at Petowal. Targeting ore shoot trends identified within the Petowal ore body, two deep drill holes were completed during May 2016 to test the potential to develop resources below the open pit. Hole number PWD-360 targeted a zone of shallow dipping high grade mineralisation beneath the open pit at SW Petowal while PWD-361 was designed to investigate more steeply dipping high grade mineralisation towards the NE end of the Petowal ore body. Both holes were considered successful as they confirm the continuity of the mineralised system both at depth and along strike from the current drilling and resource model.



Exploration drilling at Mako, 2016





On hole PWD-360 (Line 1800N) gold mineralisation was intersected within the upper part of the Felsic Unit as anticipated over a thickness of 10 metres with one sample having a grade of 2.3 g/t Au over 1.5 metres. This zone is some 250 metres down dip of high grade intersections encountered in hole numbers PWD-154 (Line 1840N 21m @3.9g/t Au including 13.5m @ 4.5 g/t Au) and PWD-165 (1800N 10.5m @ 4.9 g/t Au). Both these intersections are themselves 150-160 metres down dip and beneath the base of the open pit.

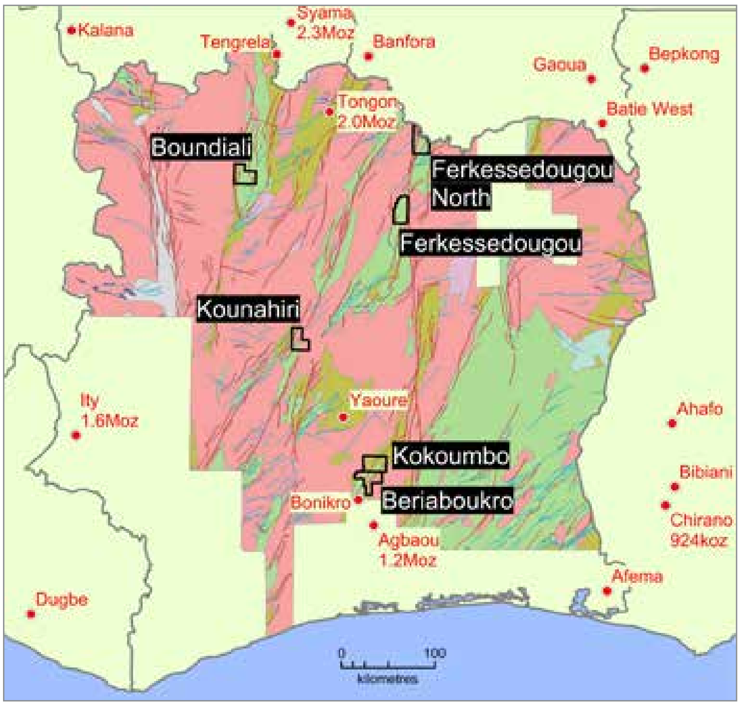
On hole PWD-361 (Line 2680N) three zones of mineralisation were intersected between 334m and 372m, with a zone of high grade mineralisation occurring adjacent to and above the Rhyolite Dyke: 3.28m @ 7.02 g/t Au. This is some 170m beneath the base of the open pit and these zones represent the down dip expression of wide and high grade mineralisation intersected in PWD-179 (Line 2680N 22.5m @ 4.9g/t Au) and PWD-188 (Line 2680N 62m @ 2.6g/t Au) hosted in both the Felsic Unit and the Lower Basalt Unit at the NE end of the current pit and resource model.

The Company considers these to be encouraging results from a very limited drilling programme and confirm that further exploration drilling is warranted to investigate the underground resource potential of these two zone which are beneath the base of the current open pit. Further work is planned for 2017 to continue to develop this potential resource expansion.

Cote d'Ivoire - PDI JV

As per the previously announced joint venture with Predictive Discovery in March 2015, during the last twelve months our Cote d'Ivoire geological team completed an exploration programme across four of the Predictive Discovery exploration permits. These permits comprise over 1500 km² of ground over area of prospective Birimian age volcano-sedimentary belts. Programmes focussed initially on covering the permit areas with broad spaced soil sample grids (800m X 100m spaced samples) and where anomalous levels of gold were identified detailed follow-up soil sampling was carried out using tighter grids (400m and 200m spaced lines and 100m and 50m spaced soils samples). These extensive fieldwork programmes resulted in the generation of 3 drill targets on 3 permits:

- Boundiali Permit – 6km soild anamoly at the Nyangboue Prospect
- Kokuombo Permit – Multiple anomalous zones
- Ferkessedougou Permit – 3km soil anomaly at the Lomi Prospect



Geological map showing Toro Gold's permit locations in Cote d'Ivoire

Toro Gold may earn up to a 90 % interest in the Joint Venture Company "Predictive Discovery Cote d'Ivoire" which holds the permits in Cote d'Ivoire as follows:

Stage	Milestone	Interest earned	Total interest in Predictive Discovery Cote d'Ivoire
Stage 1	US$1,000,000 expenditure	51 %	51 %
Stage 2	US$2,500,000 expenditure	14 %	65 %
Stage 3	Scoping Study completion	10 %	75 %
Stage 4	Pre-Feasibility Study completion	10 %	85 %
Stage 5	Feasibility Study completion	5 %	90 %

Predictive Discovery can elect to contribute to the funding of the Joint Venture Company on a pro-rata basis at the completion of each stage. Toro Gold has completed the 51 % earn in by satisfying the stage 1 expenditures in 2016. Subsequent to the satisfaction of the Stage 1 earn in, Predictive Discovery has notified Toro that it did not wish to fund the stage 2 expenditures.

Boundiali Permit

The Boundiali permit is located towards the southern end of the Syama-Sissingue gold trend in northwest Cote d'Ivoire. Prior to Toro's involvement at Boundiali the area had not been subjected to systematic exploration work save for a stream sediment sampling programme by Predictive Discovery Ltd in 2014 which identified low value but anomalous BLEG sample points.

At Boundiali the Company carried out reconnaissance scale soil sampling (800m X 100m grids) across the entire 399km² area of the permit. Follow-up soil sampling (400m X 100m and 200m X 50m grids) was then carried out over two areas of soil anomalism within the permit:

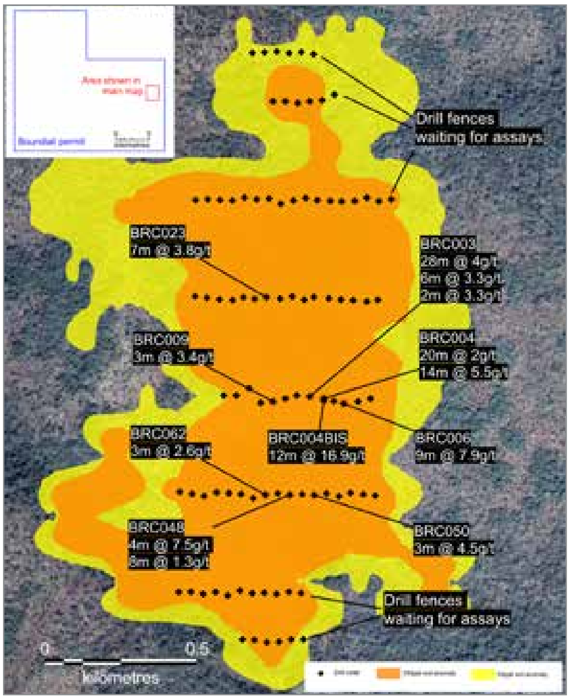
- the 14km long north-south oriented 'Nyangboue Trend', which includes a 6km long gold-in-soil anomaly with a 2km long high value core which is located on the eastern edge of the permit area, and
- the weaker Gbemou soil anomaly located in the NW corner of the permit.

XRF analysis of the reconnaissance phase soil samples has defined what appears to be a narrow zone of alteration with elevated concentrations of arsenic, potassium, strontium and rubidium indicating a persistent north to south trending structure that controls gold mineralisation. The 6km gold-in-soil anomaly is coincident exactly with this alteration trend. The central 2km of the gold-in-soil anomaly has consistently elevated values (>50ppb up to 1ppm gold) across a width of up to 500 metres and it was this part of the overall trend that was the focus for the next phase of exploration.

A Reverse Circulation ("RC") drilling programme was designed to systematically test the central 2km long section of the Nyangboue soil anomaly and across the full width of the anomalous zone to a depth of 50m below surface. A total of 93 inclined RC drill holes were completed during May and June 2016 for 5,496 metres. The RC fences area were spaced at 320m and 180m intervals with drill holes at 40 metre intervals.

Based on early panning of RC samples at the drill rig for visible gold ("VG") and the initial assay results a number of drill holes were deepened to between 100 and 120 metres to test for depth extension of mineralised zones identified near surface. In a number of these deeper drill holes zones of quartz veinlets and VG have been identified which indicates that gold mineralised zones persist beneath the top 50 metres of weathered rock (saprolite and saprock).

Initial assay results have been encouraging (see table below), with the remaining assays expected through the third quarter of 2016.



Nyangboue drill hole intercepts

Highlights from the first set of assay results are tabulated below.

Hole Number	From (m)	To (m)	Grade (g/t)	Intercept
BRC003	3	31	4	28m @ 4g/t
BRC003	47	53	3.3	6m @ 3.3g/t
BRC003	67	69	3.3	2m @ 3.3g/t
BRC004	0	20	2	20m @ 2g/t
BRC004	32	46	5.5	14m @ 5.5g/t
BRC004BIS	38	50	16.9	12m @ 16.9g/t
BRC006	99	108	7.9	9m @ 7.9g/t
BRC009	16	19	3.4	3m @ 3.4g/t
BRC023	33	40	3.8	7m @ 3.8g/t
BRC048	7	11	7.5	4m @ 7.5g/t
BRC048	21	29	1.3	8m @ 1.3g/t
BRC050	31	34	4.5	3m @ 4.5g/t
BRC062	24	27	2.6	3m @ 2.6g/t
BRC001	44	46	2	2m @ 2g/t
BRC005	66	68	2.9	2m @ 2.9g/t
BRC014	20	24	1.5	4m @ 1.5g/t
BRC017	30	32	2.5	2m @ 2.5g/t
BRC020	38	46	1.5	8m @ 1.5g/t
BRC050	0	2	1.1	2m @ 1.1g/t

Gold mineralisation at Nyangboue appears to be associated with zones of quartz veining, up to 10 metres or more in width, as well as pyrite and pyrrhotite. These zones are the product of late brittle deformation within a wide zone of ductile deformation (the Nyangboue shear zone) evidenced by the highly sheared nature of the host rocks which comprise quartz-sericite schists with subordinate felsic volcanics and shallow intrusive rocks.

The next logical phase of work at Nyangboue will likely be an orientated drill core programme to better define the host rock package, to better understand the mineralised zones and to generate structural information to enable further drilling programmes to be optimised in terms of drill direction and inclination. In addition, given the occurrence of sulphides within the mineralised system a combined ground magnetic survey and IP survey may be warranted. A full 2016/2017 programme will be developed in Q3 2016 to further test this exciting exploration target.

Kokoumbo Permit

The Kokoumbo permit is located in south central Cote d'Ivoire within the Fetekro Greenstone Belt near the Agbaou and Bonikro gold mines. At Kokoumbo Toro Gold carried out reconnaissance scale and detailed follow-up soil sampling over areas of previously identified soil anomalies, colonial period mine workings and areas of active artisanal mining. In addition, geological mapping and surface chip-channel sampling of the Kokoumbo Hill and Sareme prospect artisanal workings was carried out prior to drill testing in early 2016.

Core drilling

Based on the results of surface exploration work during 2015 an initial drilling programme was designed to test three prospects within the Kokoumbo permit: at Kokoumbo Hill and the Sareme and Blonzwe prospects. 15 core drill holes were completed for 1610 metres. The main target at Kokoumbo Hill was an area of intense artisanal workings where a number of east dipping thrusts had been identified in surface exposures (zones of quartz veining in weathered mafic volcanics). Drilling revealed a mafic volcanic pile with narrow zones of quartz-carbonate veining and iron sulphides in veins as well as disseminated sulphide mineralisation within the mafic volcanics.

A summary of the Kokoumbo drilling results is tabulated below:

Prospect	Hole ID	From (m)	To (m)	Grade (g/t)	Intercept
Kokoumbo Hill	KOD001	0	7.5	16.05	7.5m @ 16.05g/t
Kokoumbo Hill	KOD002	0	7.5	1.56	7.5m @ 1.56g/t
Kokoumbo Hill	KOD003	0	4.5	3.41	4.5m @ 3.41g/t
Kokoumbo Hill	KOD004	78	82.5	0.68	4.5m @ 0.68g/t
Kokoumbo Hill	KOD005	12	19.5	2.48	7.5m @ 2.48g/t
Kokoumbo Hill	KOD010	24	27	1.60	3m @ 1.6g/t
Sareme	KOD014	39	42	1.91	3m @ 1.91g/t
Sareme	KOD014	69.86	72.86	1.61	3m @ 1.61g/t

While these are an encouraging set of initial results from a limited drilling programme the results suggest some degree of surface enrichment of gold within the weathered zone. The next phase of work at Kokoumbo will most likely be the acquisition of more detailed airborne geophysical data and IP surveys prior to any further drilling activity. The aim will be to better understand areas of an extensive 5km long NW trending soil anomaly, and as yet untested, soil anomalies in low lying ground to the west of Kokoumbo Hill.

Ferkessedougou

The Ferkessedougou permit is located in north central Cote d'Ivoire on a major north-south structure which extends northwards in to neighbouring Burkina Faso. Prior to Toro Gold's involvement at Ferkessedougou the area had not been subjected to systematic exploration work save for a stream sediment sampling programme by Predictive Discovery in 2014 which identified low value but anomalous BLEG sample points.

The Company carried out first pass (800m X 100m grids) soil sampling across the entire surface area of the permit which was then followed-up with more detailed soil sampling (200 X 50 metre grid) covering a weak 3km long soil anomaly in the northwest corner of the permit which is coincident with a small area of artisanal workings (mainly alluvial) – the Lomi prospect

Toro Gold geologists will map the anomalous zone prior to drill testing in late 2016.

Cote d'Ivoire GIV Joint Venture

In February 2016 Predictive Discovery Cote d'Ivoire entered in to a Joint Venture with Gold Ivoire Minerals ("GIV") which currently includes two exploration permits – the Beriaboukro permit to south and contiguous with the Kokoumbo permit, and the Ferke North permit which is located to the north but on the same regional structure as the Ferkessedougou permit. This expanded the portfolio of exploration permits to 6 totalling over 2100km² of ground all of which cover prospective Birimian age volcano-sedimentray belts.

Field work has now commenced on the 400km² Beriaboukro permit with a broad spaced soil sampling programme while a similar programme will be carried out at the 400km² Ferke North permit during late 2016.

Toro Gold geologists carrying out exploration work in Cote d'Ivoire

Corporate Activities

Funding

The Company completed a number of corporate funding activities during the last 12 months to fund the Petowal Project, exploration activities in Cote d'Ivoire and corporate overheads.

The re-optimisation studies and change of construction contracting approach at the Petowal Project led to a delay in the start of construction works from late 2015 to mid 2016. Accordingly, given this work's positive impacts on the Project's financial robustness, the investors whom provided the US$15m Secured Loan note in 2015 (Resource Capital Funds, Tembo Capital and Macquarie Bank Ltd) agreed to increase the loan by a further US$10m to provide the additional funding required to support the Company through to a construction fund raising in 2016. The terms of the resulting US$25m Secured Loan Note were not varied with refinancing due at the earlier of full construction funding or 30th June 2016.

With the revised EPC contract and re-optimised DFS study completed, the Company approached both the debt and equity markets during 2016 in order to secure US$177 million to fund the next 18 months of operations, which would include:

- Petowal Project development costs (inclusive of contingencies, working capital and capitalised funding costs); and
- Provide working capital for general corporate purposes.

As is typical for companies at this stage of Toro Gold's development, a combination of a Secured Project Finance Loan and associated equity placement was the structure identified to fund these activities until steady state cashflows from operations are achieved from the Petowal Gold Operation.

In respect of the loan facility the Company commenced a tender process to assess the terms available to Toro Gold for the development of Petowal. With support from independent consultants, the Company reviewed a number of alternative facilities in order to determine the optimum debt structure, where such facilities included:

- Secured Loan with mandatory gold hedging programme;
- Secured Loan with a voluntary gold hedging programme;
- Structured funding package with secured loan, revenue stream and mandatory gold hedging programme; and,
- Streaming & Royalty structure.

Based on analysis of the offered structures the Company has elected to arrange a US$100 million secured debt facility with Taurus Funds Management Pty Ltd ("Taurus"). While there is no mandatory gold hedging required under the facility, both the Company and Taurus recognise the strategic benefits to an appropriately structured hedging programme and during the second half of 2016 will seek to implement a risk management programme around gold sales to underpin the loan repayments. Taurus completed their due diligence process during the first half of 2016 and in July 2016 committed to the US$100 million facility subject to the completion of legal due diligence including all necessary regulatory approvals and the finalisation of the facility and security documentation.

With this commitment to debt funding secured, the Company closed an equity Placement mid 2016 to complete the fund raising activities. With a minimum of US$177 million required to fund the development of Petowal and support the Company to steady state cashflows in mid 2018, investor appetite for the Company was strong resulting in a fund raising of US$37 million from existing investors. The Company is currently progressing negotiations with various parties to fund the remaining US$40million of equity required to complete construction. In January 2017 Taurus provided a corporate bridge facility of US$40million to Toro to enable construction to remain on track while this equity raising is completed. The US$40 million is repayable in September 2017 or on first utilisation of the US$100 million secured debt facility, if earlier. Refer to note 2 of the financial statements for details of the going concern assumption and the associated material uncertainty identified by the Board.

As a consequence of this strong fund raising, both Resource Capital Fund and Tembo Capital agreed to convert their holdings in the US$25m Secured Loan Note into equity (some US$23 million) while Macquarie Bank Ltd elected to take a cash repayment of their holding – some US$2 million.

Board and Management Biographies

The Board and Management team of Toro Gold has an established track record of successful discovery and development of projects across Africa – this encompasses technical capability from the exploration phase through to operations and corporately in fund raising and M&A transactions.

The mix of complimentary technical and corporate skills allied to excellent political and business relations across the continent means that Toro Gold can identify and develop projects across our operational footprint in Africa to create returns for our shareholders.

Board of Directors

Mark Connelly *Non Executive Chairman*

Mr Connelly was previously the Managing Director and CEO of Papillon Resources Ltd – a Mali based gold developer – and was previously Chief Operating Officer of Endeavour Mining Corporation, following its merger with Adamus Resources Limited where he was Managing Director and CEO. With over 29 years experience in the mining industry, Mark has held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He has extensive experience with the development, construction and operation of mining projects for a variety of commodities, including gold, base metals and other resources in West Africa, Australia, North America and Europe. He has a Bachelor of Business degree.

Martin Horgan *Chief Executive Officer & Executive Director*

A mining engineer by training, Martin has worked across numerous areas of the mining sector including as an engineer for Gold Fields in South Africa, for Steffen Robertson & Kirsten in the UK and RSA offices, at Barclays Capital and as Executive Director of BDI Mining Corp. At Barclays his responsibilities included the origination and execution of mining project finance and advisory business across the African and the Middle East regions, global responsibility for the technical appraisal and review of all investments, environmental and social compliance of the investments in line with international standards and the financial modelling of all transactions. As Executive Director of AIM listed BDI Mining, Martin was part of the team which negotiated the sale of the Company to Gem Diamonds in 2007 realising a record share price for the Group.

Howard Bills *Group Exploration Manager and Executive Director*

An exploration geologist by training, Howard has spent the last 30 years working predominately in gold and diamond exploration across the African continent undertaking work for BP Minerals, SRK Consulting, SAMAX and AXMIN. Over the years, Howard has developed an in-depth knowledge of a broad range of exploration techniques and the application of these to mineral exploration in the tropics.

As well as being involved in a number of discoveries across Africa, Howard has worked on mineral exploration projects in SE Asia and South America and while with SRK Consulting he was involved in various pre- and feasibility studies worldwide as well as preparing 43 .101 documents and independent reports for stock exchange listings and private placements .

Prior to co-founding Toro Gold with Martin Horgan in 2009 Howard was Exploration Manager for AXMIN and General Manager of AXMIN's local operating company in the Central African Republic. Howard managed the discovery of the 3Moz Passendro gold project from grassroots to completion of the pre-feasibility study.

Adonis Pouroulis *Non Executive Director*

Adonis is an entrepreneur whose expertise lies in the discovery, exploration and development of mineral resources including diamonds, precious / base metals, coal and oil and gas, and bringing these assets into production across the African continent.

Adonis qualified as a mining engineer from the University of Witwatersand in Johannesburg in 1991 and subsequently spent some time working in the South African gold mines before heading to the Former Soviet Union where he established the Koronia metal trading company in Moscow. In 1994, having returned to South Africa, Adonis founded Blue Diamond Mines that developed a diamond mining operation in Port Nolloth and brought it into full production. Seeing an opportunity to create a larger, international diamond company focused in Africa, he founded Petra Diamonds and in 1997 it became the first diamond company to be listed on London's AIM market with a market capitalisation at the time of just £10 million. He has since overseen Petra's development from an exploration base into London's largest quoted diamond mining group and one of the largest independent diamond producers in Africa today.

He has been influential in the founding, development and listing of a number of other natural resources companies and is involved with other private companies all of which are at varying stages of the value chain within the Pella Resources Group.

Boubacar Thera *International Business Development Manager and Executive Director*

Boubacar Thera is a mining administrator and lawyer, has been involved with francophone African countries since 1994. Prior to joining Bambuk in 2009 Mr Thera was appointed Manager and Chief Government Liaison Officer of AXMIN and African Selection Mining, and has previously acted as a consultant for other mining companies.

Martin Reed *Non Executive Director*

Mr Reed is a mining engineer with over 35 years experience in general mine management and operations, as well as development of mines in Australia and overseas. He has particular experience in managing the development of companies from exploration focus through to producer status. Martin was the Chief Operating Officer and Project Manager for Sandfire Resources DeGrussa Copper Project in Western Australia. Previously he held senior positions at St Barbara Limited, Windimurra Vanadium Limited, Paladin Energy Limited AngloGold Ashanti Limited's (Sunrise Dam gold mine) and Western Mining Corporation. He was a non-executive director of Adamus Resources, later merged with Endeavour Mining where he was also a director. He is currently a director of Saracen Mineral Holdings.

Robert Sinclair *Non Executive Director*

Mr Sinclair is the Managing Director of Artemis Trustees Limited, founded by him in 2001 . He has over 46 years' experience in finance and accountancy, of which 36 years have been in the Guernsey finance industry. Mr Sinclair has extensive experience in all aspects of offshore trusts, corporate entities and financial planning. He is a director of, and acts for, a number of mining and exploration companies, including Chariot Oil & Gas Limited (which is listed on AIM) and was formerly a director of Vallar PLC, Vallares PLC and which are admitted to the Official List and to trading on the London Stock Exchange, and Chromex Mining PLC which was also listed on AIM. Mr Sinclair is Chairman of Schroder Oriental Income Fund Limited and a director of Picton Property Income Limited which are admitted to the Official List and to trading on the London Stock Exchange, and Sirius Real Estate Limited and Secure Property and Investments plc which are listed on AIM. He is a fellow of the Institute of Chartered Accountants of England and Wales and a Member of the Institute of Chartered Accountants of Scotland and is resident in Guernsey.

Management Team

Martin Horgan *Chief Executive Officer* See page 15

Gary Townsend *Chief Financial Officer*

Gary is a Fellow of the Institute of Chartered Accountants and a Chartered Taxation Adviser. For the majority of the last 15 years he has worked for major gold mining companies in Africa in senior financial roles. From 1996 to 2004, he was Group Financial Controller of Ashanti Goldfields where he was in charge of structuring the finance department in order to accommodate several acquisitions including that of SAMAX. Within this role Gary was also integral in setting up and running the internal budgetary and reporting systems dealing with the Group's seven mining operations across Africa, mitigating tax liabilities and helping to refinance the Group prior to the Company being sold to Anglo Gold in June 2004.

Gary has also held positions as Chief Financial Officer and Company Secretary at Guinor Gold (which was subsequently sold to Crew Gold for US$350m following a raising of US$130m in equity and project finance to fund mine expansion) and more recently Horizonte Minerals Plc where he dealt with all financial aspects required for the operations in London, Peru and Brazil.

Howard Bills *Group Exploration Manager* See page 15

Boubacar Thera *International Business Development Management* See page 16

Glen Armstrong *Senior Environmental and Social Performance Advisor*

An environmental scientist and public health specialist by training, Glen has nearly 30 years experience in environmental management and social development, much of it International, having worked extensively across Africa, Latin America and South East Asia as well as Europe.

As Managing Director of Aspinwall and Company he led one of the UK's leading and most respected consultancies before joining IFC as head of its Environmental and Social Development team in Washington DC, responsible for environmental and social analysis of all its investments worldwide. After moving back to the UK he continued as an advisor to IFC and the World Bank during which he played a key role in facilitating the Equator Principles. In 2003 he co-founded Sustainable Finance Ltd providing E&S risk management services to over 40 major Banks globally before the Company was acquired by PWC in 2008. Since 2008 he has acted as an advisor to a range of organisations.

Paul Cannon *Environmental and Social Performance Manager*

Paul is an environmental and social specialist with 15 years experience integrating environmental and social sustainability into the design and implementation of work plans and projects. Over the last 7 years he has worked in the West African mining sector as both a consultant and within industry. This has included site-based accountability for environmental and social performance and the facilitation of permitting processes for new projects.

Previously he worked as an environmental and social consultant in Australia and Asia . During this time he successfully managed projects for the private sector, government and development agencies (including World Bank, Asian Development Bank, Agence Française de Développement, UNIDO, UNHabitat and DANIDA). Much of his work has been undertaken in the natural resource development sector, particularly associated with impact assessment, baseline studies, and management and monitoring planning for large infrastructure projects in the mining and energy sectors.

Russell White *Mako Project Manager*

Russell White has almost 30 years' experience in mineral processing including 14 years in mine commissioning and operations and 13 years in consulting engineering as Process Engineer and Project Design, and Commissioning Manager for firms such as Ausenco, Lycopodium and BHP Engineering. Russell has gained significant experience in African gold development through his work on numerous West African gold projects – Prior to his role as Design and Study Manager at Endeavour's Agbaou, Hounde and Nzema Sulphide gold projects, he fulfilled the role of Design and Commissioning Manager at Teranga's Sabodala gold operation in Senegal. More recently he has designed and managed the installation of crushing circuits at the Nzema and Tabakoto projects for Endeavour Mining.

Report of the Directors

Report of the Directors for the year ended 31 December 2015

The Directors present their report together with the Group financial statements for the year ended 31 December 2015. There is no ultimate controlling party as the Company has a large number of shareholders; the most significant shareholdings as at the date of signing is Resource Capital Funds and Tembo Capital who both hold 39 %.

Principal Activity

Toro Gold Limited is a gold exploration and development company focused on sub-Saharan Africa.

Results & Dividends

The results for the year are set out on page 22.
The Directors do not recommend the payment of a dividend (2014: Nil).

Directors

Adonis Pouroulis
Martin Horgan
Robert Sinclair
Howard Bills
Boubacar Thera
Mark Connelly
Martin Reed

Review of the Business

A detailed review of the Group's activities together with future developments of the Group is provided in the Chairman's Statement and the Operations Review.

Key Performance Indicators

The key performance indicators of the Group are as follows:

	2015 US$'000	2014 US$'000
Cash at bank	**2,303**	2,987
Exploration and evaluation expenditure for the year	**10, 885**	11,601
Impairment of intangible assests including discontinued operations	-	2,923

Financial Instruments

Details of the use of financial instruments by the Group and financial risk management are set out in note 16 to the financial statements.

Events after the Reporting Date

See note 22 for further information.

Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements for the Group in accordance with applicable Guernsey law and regulations.

Guernsey legislation requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standard 1 requires that the financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless, having assessed the ability of the Group to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure the financial statements comply with The Companies (Guernsey) Law 2008 . They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement as to disclosure of information to auditors

Each of the Directors, who were all members of the Board at the time of approving the financial statements, confirms that having made enquiries of fellow Directors:

- So far as the Directors are aware, there is no relevant information of which the Company's Auditors are unaware; and
- They have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

By order of the Board

Artemis Secretaries Limited

Secretary

Date: *27th January 2017*

Independent Auditor's Report

TO THE MEMBERS OF TORO GOLD LIMITED

We have audited the financial statements of Toro Gold Limited for the year ended 31 December 2015 which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

Emphasis of Matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's ability to continue as a going concern which is dependent on the Group's ability to raise further funds through debt or new equity placing. The Directors believe that the Group will secure the necessary funds. While the Directors are continuing funding negotiations with a number of parties there are currently no binding agreements in place. These conditions together with the other matters referred to in note 2 indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company or the Group; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

BDO LLP
55 Baker Street
London
W1U 7EU

Date: *27th January 2017*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2015

	Note	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Administrative expenses	6	**(2,527)**	(2,994)
Share based payments	4	**(1,641)**	(1,694)
Impairment of intangible assets	10	**-**	(2,923)
Exploration costs expensed	10	**(105)**	(2)
Total operating expenses		**(4,273)**	(7,613)
Loss from operations	4	**(4,273)**	(7,613)
Finance income	7	**104**	2,107
Finance expense	7	**(1,413)**	(422)
Loss for the year before taxation		**(5,582)**	(5,928)
Taxation expense	8	**(20)**	(26)
Loss and other comprehensive loss for the year		**(5,602)**	(5,954)
Loss and other comprehensive loss for the year attributable to:			
Owners of the parent		**(5,598)**	(5,950)
Non-controlling interest		**(4)**	(4)
		(5,602)	(5,954)

The notes on pages 26 to 43 form part of these financial statements.

Consolidated statement of financial position
as at 31 December 2015

	Note	2015 US$'000	2014 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**2,090**	1,041
Intangible assets	10	**52,528**	40,793
Total non-current assets		**54,618**	41,834
Current assets			
Trade and other receivables	12	**265**	172
Cash and cash equivalents	13	**2,303**	2,987
Total current assets		**2,568**	3,159
Total assets		**57,186**	44,993
LIABILITIES			
Current liabilities			
Trade and other payables	14	**1,925**	1,461
Short-term loans	15	**14,670**	-
Tax liabilities		**24**	29
Other financial liabilities	15	**-**	104
Total current liabilities		**16,619**	1,594
Total liabilities		**16,619**	1,594
Net assets		**40,567**	43,399
EQUITY AND RESERVES			
Share capital	17	**392**	381
Share premium	17	**80,622**	79,504
Share based payments reserve		**6,990**	5,349
Retained losses		**(47,408)**	(41,810)
Equity attributable to the owners of the parent		**40,596**	43,424
Non-controlling interest		**(29)**	(25)
Total equity		**40,567**	43,399

The financial statements were approved and authorised for issue by the Board of Directors on *27th January 2017* and were signed on its behalf by:

Martin Horgan
Director

The notes on pages 26 to 43 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2015

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Operating activities		
Loss for the year	**(5,602)**	(5,954)
Adjusted for:		
Depreciation of property, plant and equipment	**34**	37
Impairment of intangible assets	**-**	2,923
Share based payments	**1,641**	1,694
Movement in fair value of warrants	**(104)**	(2,107)
Interest and other finance expense	**1,413**	422
Taxation expense	**20**	26
Operating loss before changes in working capital	**(2,598)**	(2,959)
Movement in receivables	**(75)**	14
Movement in payables	**(146)**	(52)
Cash outflow from operating activities	**(2,819)**	(2,997)
Corporation tax paid	**(25)**	(34)
Net cash out flow from operating activities	**(2,844)**	(3,031)
Investing activities		
Payments in respect of intangible assets	**(10,885)**	(11,601)
Payments in respect of property, plant and equipment	**(1,391)**	(95)
Cash outflow used in investing activities	**(12,276)**	(11,696)
Financing activities		
Issue of ordinary shares, net of issue costs	**-**	9,134
Proceeds from borrowings, net of transaction costs	**14,497**	2,814
Interest paid on convertible loans	**(61)**	-
Net cash inflow from financing activities	**14,436**	11,948
Net change in cash and cash equivalents	**(684)**	(2,779)
Cash and cash equivalents at the start of the year	**2,987**	5,766
Cash and cash equivalents at the end of the year	**2,303**	2,987

The notes on pages 26 to 43 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2015

Group	Share capital US$'000	Share premium US$'000	Share based payments US$'000	Retained losses US$'000	Equity attributable to owners of parent US$'000	Non-controlling interest US$'000	Total US$'000
Balance at 1 January 2014	254	67,261	3,655	(35,860)	35,310	(21)	35,289
Total comprehensive loss for the year	-	-	-	(5,950)	(5,950)	(4)	(5,954)
Issue of shares	95	9,495	-	-	9,590	-	9,590
Share issue costs	-	(456)	-	-	(456)	-	(456)
Conversion of convertible loan	32	3,204	-	-	3,236	-	3,236
Share based payments	-	-	1,694	-	1,694	-	1,694
Balance at 31 December 2014	381	79,504	5,349	(41,810)	43,424	(25)	43,399
Total comprehensive loss for the year	-	-	-	(5,598)	(5,598)	(4)	(5,602)
Issue of shares	11	1,118	-	-	1,129	-	1,129
Share based payments	-	-	1,641	-	1,641	-	1,641
Balance at 31 December 2015	**392**	**80,622**	**6,990**	**(47,408)**	**40,596**	**(29)**	**40,567**

The following describes the nature and purpose of each reserve within shareholders' equity:

Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value
Share based payments reserve	Reserve in respect of share based payments
Retained losses	Cumulative net gains and losses recognised in the statement of profit or loss and other comprehensive income
Non-controlling interest	Represents a 30 % shareholding in Toro Gold Gabon Limited

The notes on pages 26 to 43 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31 December 2015

1 General information

Toro Gold Limited ("Toro Gold" or the "Company") is a company incorporated and domiciled in Guernsey with registration number 50076. The Group's administrative and registered office is at Trafalgar Court, Admiral Park, Guernsey GY1 3EL. The nature of the Group's operations and its principal activities are set out in the Directors' Report and in the Operations review.

2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union (IFRS). The adoption of all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the operations and effective for annual reporting periods beginning on 1 January 2015 are reflected in these financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

New accounting standards

The following new standards and amendments to standards are mandatory for the first time for the Group for financial year beginning 1 January 2015. The implementation of these standards did not have a material effect on the Group.

Standard	Effective date	Impact on initial application
Annual Improvements to IFRSs (2011 - 2013 Cycle)	1 Jan 2015	No impact
Annual Improvements to IFRSs (2010 - 2012 Cycle)	1 Feb 2015	No impact
IAS 19 – Defined Benefit Plans	1 Feb 2015	No impact

No other IFRS issued and adopted but not yet effective are expected to have an impact on the Group's financial statements.

Accounting policies (continued)

Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	Description	Effective date
IAS 1	Presentation of Financial Statements (Amendments)	1 Jan 2016
IFRS 10, IFRS 12 and IAS 28	Investment Entities (Amendments)	1 Jan 2016*
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments)	1 Jan 2016
IFRSs	Annual Improvements to IFRSs (2012 – 2014 Cycle)	1 Jan 2016
IAS 27	Seperate Financial Statements	1 Jan 2016
IAS 7	Statement of Cash Flows (Amendments)	1 Jan 2017*
IAS 12	Income Taxes (Amendments)	1 Jan 2017*
IFRS 9	Financial Instruments	1 Jan 2018*
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018*
IFRS 16	Leases	1 Jan 2019*

**not yet been endorsed by the European Union at the date that these financial statements were approved and authorised for issue by the Board.*

The Group is evaluating the impact of the above pronouncements, including IFRS9 which will replace IAS39 and may have a material impact on the Group's income or equity and disclosures.

Going concern

The Directors are of the opinion that at the time of signing of these financial statements the Group does not have sufficient financial resources for the next 12 months to support construction activities at the Petowal Gold Project, minimum exploration spend requirements and general overheads. In forming this opinion the Directors note that the convertible loan notes outstanding at 31 December 2015 have been repaid or converted to equity, US$37 million has been raised in new equity and in January 2017 a US$40 million secured bridge finance facility was signed with Taurus which is repayable in full on 30 September 2017 or on the first utilisation of a US$100 million Project Finance Facility to be provided by Taurus, if earlier.

The Directors are in negotiations with a number of parties in respect of raising further funds through debt or new equity placing to continue with its operations. Based on the current progress of negotiations the Directors believe that the necessary funds to fund operations will be raised as required and accordingly they are confident that the Group will continue as a going concern and have prepared the financial statements on that basis.

Should the Group be unable to raise the necessary finance, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

These circumstances indicate the existence of material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was not able to continue as a going concern.

Basis of consolidation

Where the Company has control, either directly or indirectly, over another entity or business, it is classified as a subsidiary. Control exists when the Company has power over an investee, exposure to variable returns and the ability to use its power to effect those returns. The consolidated financial statements present the result of the Company and its subsidiaries (the "Group") as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

Joint operations

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. The group classifies its interests in joint arrangements as a joint operation where it has both the rights to assets and obligations of the joint arrangement.

The Group accounts for its interests in joint operations by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Notes forming part of the financial statements for the year ended 31 December 2015

Functional and presentation currency

The functional currency of the Company and its subsidiaries is US Dollars and the Group has adopted US Dollars as its presentation currency.

Foreign currencies

In the accounts of individual Group companies, Toro translates foreign currency transactions into the functional currency at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in currencies other than US Dollar are translated at the year end exchange rate with any exchange gain or loss going to profit or loss.

Intangible assets

Intangible assets comprise capitalised costs associated with acquiring, exploring and evaluating the Group's mineral properties. When a decision is made to proceed to development, the related expenditures will be transferred to property, plant and equipment. This transfer is based on the Board's assessment of the project feasibility and the existence of an approved mining convention. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off.

These assets are not amortised but are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost.

Depreciation is provided on all items of property, plant and equipment so as to write off the carrying value of an item, less its estimated residual value, on a straight-line basis over the expected useful economic life of that item as follows:

Buildings and infrastructure	-10% per annum
Plant and equipment	- 25% per annum
Vehicles	- 25% per annum
Office equipment	- 25% per annum

The estimated useful lives, residual values and depreciation method are reassessed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of assets

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in the statement of profit or loss and other comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the prior years.

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Group's cash-generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairments are recognised in the statement of profit or loss and other comprehensive income to the extent that the carrying amount exceeds the assets recoverable amount. The revised carrying amounts are amortised in line with the Group's accounting policies.

Share - based payments

Where equity settled share awards are granted to employees or directors, the fair value of the awards at the date of grant is charged to the consolidated statement of profit or loss and other comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of awards that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the awards granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Accounting policies (continued)

Where the terms and conditions of awards are modified before they vest, the increase in the fair value of the awards, measured immediately before and after the modification, is also charged to the consolidated statement of profit or loss and other comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of profit or loss and other comprehensive income is charged with the fair value of goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Financial instruments

Financial assets

Financial assets consist of cash at bank, trade and other receivables.

Trade and other receivables are non-derivative financial assets that are initially recognised at fair value and subsequently carried at amortised cost.

Cash and cash equivalents include cash in hand and short-term deposits with original maturities of three months or less.

Financial liabilities

Financial liabilities are classified into one of two categories, trade payables and other financial liabilities. Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Other financial liabilities comprise of derivative financial liabilities and the liability component of convertible debt. Derivative financial liabilities are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The liability component of convertible debt are measured as described further below.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or a financial asset.

The Company's ordinary shares are classified as equity instruments.

Convertible debt

The Group accounts for convertible debt as compound instruments. Where the embedded conversion feature qualifies as equity, the proceeds received from convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not convert. The remainder of the proceeds, representing the embedded option to convert the liability into equity of the Company, is included in equity. Issue costs are apportioned between the liability and equity components of the convertible debt where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

For convertible debts where the embedded conversion feature is considered a derivative liability, the proceeds from the convertible debt are allocated between the debt liability and the derivative liability components. The derivative liability is initially measured at fair value and the residual amount is assigned to the debt liability component. Issue costs are apportioned between the debt liability and derivative liability components based on their relative carrying amounts at the date of issue. The portion relating to the derivative liability is charged to the consolidated statement of profit or loss and other comprehensive income.

Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity. The derivative liability is remeasured to fair value at each reporting date with changes in the fair value recognized in the consolidated statement of profit or loss and other comprehensive income.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale which, in the case of mineral properties, is when they are capable of commercial production. All other borrowing costs are charged to the consolidated statement of profit or loss and other comprehensive income, as incurred.

Notes forming part of the financial statements for the year ended 31 December 2015

Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductable temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantially enacted and are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited direct to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Non-controlling interest

The total comprehensive income of non-wholly owned subsidiaries is attributed to the owners of the parent and to the non-controlling interest in proportion to their relative interest.

3 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Exploration and evaluation costs

The Group capitalises the exploration and evaluation costs until it is capable of determining whether its exploration efforts were successful and the project is capable of entering development and production, and are assessed for impairment when circumstances suggest that the carrying amount may exceed the recoverable value thereof. This assessment involves judgement as to the likely future commerciality of the asset and when such commerciality should be determined as well as future revenues and costs pertaining to the utilisation of the mining lease or mineral production rights to which such capitalised costs relate and the discount rate to be applied to such future revenues and costs in order to determine a recoverable value. In forming its conclusion that the asset is recoverable, the Directors considered the Competent person's Report on the mineral resource, the economic model and the planned equity and debt funding at year end.

The carrying amount of capitalised exploration and evaluation costs as at 31 December 2015 was US$52,528,000 (2014: US$40,793,000).

Fair value of financial instruments and share-based payments

The Group determines the fair value of financial instruments that are not quoted and equity-settled share-based payments, using valuation techniques and models which are significantly affected by the assumptions used. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately. The methods and assumptions applied, and valuations models used are disclosed in notes 16 and 18.

Judgement was required in determining the fair value of shares issued in lieu of fees as detailed in note 17.

4 Loss from operations

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
The loss from operations is stated after:		
Share based payments	**1,641**	1,694
Depreciation	**34**	37
Auditor's remuneration:		
- audit of the Group and subsidiary financial statements	**74**	70
- non-audit services	**45**	69

5 Employment costs

		Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
(a)	**Employment costs, including directors**		
	Wages and salaries	**3,742**	4,301
	Social security costs	**402**	325
	Share based payments	**1,641**	1,694
		5,785	6,320

Included in staff costs is an amount of US$2,666,000(2014: US$2,896,000) which has been capitalised within intangible assets – exploration and evaluation cost.

		Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
(b)	Key management remuneration		
	Wages and salaries	**1,570**	1,776
	Share based payments	**1,292**	1,405
		2,862	3,181

Key management comprises the directors and 3 (2014: 3) members of senior management across the parent and subsidiary companies.

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

6 Expenses by nature

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Wages and salaries, including directors	**1,302**	1,530
Social security costs	**176**	165
Administration services	**95**	106
Legal and professional fees	**168**	103
Travel and related costs	**80**	107
Loss on foreign exchange	**172**	401
Rent and rates	**182**	217
Communications	**88**	100
Other costs	**264**	265
	2,527	2,994

7 Finance income and expense

Finance Income

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Fair value movement on derivative financial liability (see note 16)	**104**	2,107
Total	**104**	2,107

Finance expense

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Interest and other finance expense (see note 15)	**1,413**	422
Total	**1,413**	422

8 Taxation

The Company is tax resident in Guernsey, where corporate profits are taxed at zero percent. The Group's subsidiary companies which are incorporated in BVI and Guernsey are also taxed at zero percent. The Group's subsidiary companies in Senegal are taxed at 30 %. No taxable charge arose in the year in Senegal (2014: Nil). The Group's subsidiary Toro Technical Services Limited is a United Kingdom resident company where profits earned on providing management services are taxed at 20.3 % (2014: 21.5 %).

Factors affecting the tax charge for the year

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Guernsey applied to losses for the year are as follows:

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Loss on ordinary activities for the year before tax	**(5,582)**	(5,928)
Loss on ordinary activities for the year at the standard rate of corporation tax in Guernsey of 0 % (2014: 0 %)	-	-
Difference in overseas tax rates of 20.3 % (2014: 21.5 %)	**19**	22
Disallowable expenses	**2**	3
Difference between capital allowances and depreciation	**1**	3
Adjustments in respect of previous year	**(2)**	(2)
Total taxation charge	**20**	26

The Company had tax losses carried forward on which no deferred tax asset is recognised. Deferred tax not recognised in respect of losses carried forward in Senegal total US$6,838,000 (2014: US$6,002,000). Deferred tax assets were not recognised as there is uncertainty regarding the timing of future profits against which these assets could be utilised.

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

9 Property, plant and equipment

	Buildings and infrastructure US$'000	Plant and equipment US$'000	Vehicles US$'000	Office equipment US$'000	Total US$'000
Cost					
At 1 January 2014	618	710	697	112	2,137
Additions	102	-	-	-	102
Disposals	(65)	(17)	(18)	-	(100)
At 31 December 2014	655	693	679	112	2,139
Additions	267	905	109	110	1,391
At 31 December 2015	**922**	**1,598**	**788**	**222**	**3,530**
Depreciation					
At 1 January 2014	117	275	320	78	790
Charge	59	168	157	17	401
Disposals	(65)	(17)	(11)	-	(93)
At 31 December 2014	111	426	466	95	1,098
Charge	65	135	131	11	342
At 31 December 2015	**176**	**561**	**597**	**106**	**1,440**
Net book value					
At 31 December 2015	**746**	**1,037**	**191**	**116**	**2,090**
At 31 December 2014	544	267	213	17	1,041
At 31 December 2013	501	435	377	34	1,347

Additions in 2015 include assets under construction of US$339,000 (2014: Nil). For the year ended 31 December 2015 US$308,000 (2014: US$364,000) of the depreciation charge has been capitalised within exploration and evaluation costs.

10 Intangible assets

	Exploration and Development Costs US$'000
Cost	
At 1 January 2014	31,291
Additions during the year	12,425
Impairments	(2,923)
At 31 December 2014	**40,793**
Additions during the year	11,735
At 31 December 2015	**52,528**

Additions in 2015 included expenditure on the Group's joint operation in Cote d'Ivoire. In March 2015 the Company signed an agreement with Predictive Discovery Limited ("PDI") under which Toro Gold can earn up to a 90 % interest in PDI's Cote d'Ivoire subsidiary on the completion of certain milestones. The joint operation is an exploration project in Cote d'Ivoire. Toro Gold's participating interest is 51 % upon achieving a minimum exploration spend, rising with further spend and project milestones. The arrangement is considered to represent a joint arrangement based on the terms of the agreement, notwithstanding the opportunity to acquire an equity holding in PDI's Cote d'Ivoire subsidiary.

Exploration and evaluation costs amounting to US$105,000 were expensed during the year (2014: US$2,000). These related to expenditures on projects considered to be of no further commercial value to the Group.

The impairment charge of US$2,923,000 in 2014 represents writing down to nil the carrying value of those projects which the Directors consider to be of no commercial value or where no further exploration work will be undertaken.

The remaining exploration and evaluation costs relate to projects in Senegal and Cote d'Ivoire. As the projects are not yet in production no amortisation has been charged for the year ended 31 December 2015 (2014: Nil).

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

11 Investments

Details of the investments in which the Group and the Company (unless indicated) holds 50 % or more of the nominal value of any class of share capital at 31 December 2015, excluding dormant entities, are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Bambuk Minerals Limited a company incorporated in Mauritius	Ordinary shares	100 %	Exploration company
Mako Exploration Company S.A. a company incorporated in Senegal	Ordinary shares	100 %	Exploration company
Toro Technical Services Limited a company incorporated in the United Kingdom	Ordinary shares	100 %	Services company
Toro Gold Gabon Limited a company incorporated in Guernsey	Ordinary shares	70 %	Exploration company
Toro Gold Gabon SARL a company incorporated in Gabon	Ordinary shares	70 %	Exploration company
Toro Gold Pty Limited a company incorporated in Australia	Ordinary shares	100 %	Services company

12 Other receivables

	2015 US$'000	2014 US$'000
Prepayments	**236**	149
Other receivables	**29**	23
	265	172

13 Cash and cash equivalents

	2015 US$'000	2014 US$'000
Analysis by currency		
Euro balance	**699**	1,463
Sterling balance	**609**	781
US Dollar balance	**435**	257
CFA Franc balance	**246**	85
Australian Dollar balance	**314**	401
	2,303	2,987

14 Trade and other payables

	2015 US$'000	2014 US$'000
Trade payables	**1,257**	801
Accruals	**668**	660
	1,925	1,461

All trade payables are due for payment within 30 days. Trade payables and accruals arise in different currency amounts, as set out below:

	2015 $'000	2014 $'000
CFA Franc (FCFA)	**692**	710
British Pound Sterling (GBP)	**234**	504
United States Dollars (USD)	**254**	128
Euro (EUR)	**7**	36
Australian Dollars (AUD)	**738**	83
	1,925	1,461

15 Other financial liabilities

(a) Derivative financial liabilities

	2015 US$'000	2014 US$'000
Liabilities at fair value through profit or loss	**-**	104
	-	104

Derivative financial liabilities of US$104,000 in 2014 represent the fair value of 2,644,397 warrants granted to each subscriber of new equity shares issued in September 2013. Each warrant gave the warrant holder the right to subscribe for one ordinary share of the Company of £0 .01 at £3 .00 per share for a period of two years from the date of grant. The warrants expired in September 2015.

As the Company's functional currency is US Dollars and the warrants' terms are in Pounds Sterling the arrangement would not have resulted in Toro issuing a fixed amount of its equity shares for a fixed amount of cash when each warrant was exercised. The warrants were therefore accounted for as a derivative financial liability measured at fair value through profit or loss.

On initial recognition the fair value of warrants was charged to the share premium as it represents the cost of equity shares issued with subsequent movement in fair value charged to the consolidated statement of profit or loss and other comprehensive income.

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

15 Other financial liabilities (continued)

The fair value movement of the warrants was calculated using the Black-Scholes model with the following inputs:

	December 2014	December 2013	September 2013
Share price	£1.00	£2.00	£2.00
Exercise price	£3.00	£3.00	£3.00
Expected volatility	85 %	80 %	80 %
Expected life	0.67 years	1.67 years	2 years
Risk free rate	0.24 %	0.64 %	0.69 %
Expected dividends	0 %	0 %	0 %
Estimated fair value	£0.03	£0.51	£0.58

The fair value gain in other financial liabilities during the year was US$104,000 (2014: US$2,107,000).

(b) Short-term loans

	2015 US$'000	2014 US$'000
Convertible debt	**14,670**	-
	14,670	-

The Company in March 2015 entered into and fully drew down a short term loan facility with one of its principal shareholders, Tembo Capital (Tembo), for US$2million. Interest was payable at 10 % per annum and the loan was repayable by 31 August 2015. If the Company completed an equity financing before the repayment date Tembo had the option to convert the loan into new ordinary shares at the price of the equity raising. As such the derivative arising because the terms would not result in issuance of a fixed number of shares for a fixed amount of cash, held no value. Tembo also had the option to elect that interest and fees due in respect of the loan were satisfied by the issue of new ordinary shares at a price of £1 per share. The loan was repaid in June 2015.

In June 2015 Toro signed a secured Convertible Bridge Loan Agreement for US$15million with its three largest shareholders, RCF, Tembo and Macquarie Bank (the "Lenders"). Interest was at 10 % per annum and the loan was repayable by 4 June 2016. In February 2016, the loan amount was increased to US$25million and maturity extended to August 5, 2016 (see note 22). The Lenders have the option to convert the loan into new ordinary shares under certain conversion events at conversion prices dependent on the conversion event. The Lenders may also elect to have any fees and interest payable under the Agreement to be satisfied by the issue of new ordinary shares.

The loan agreement provided for the following conversion prices:

- At £1.25 per share in the event of change of control of the Company or of ownership of the Mako project
- In all other events, at £1.00 per share until an equity raising has been completed or at the price per share paid in the last equity raising that was completed

The different conversion share prices will not result in the Company issuing a fixed number of its equity shares for a fixed amount of cash therefore the conversion option qualifies as an embedded derivative liability. At inception and at 31 December 2015, management believed, based on all available information, that the most probable event will be a cash repayment to Macquarie with the remainder of the loan being converted before maturity into equity as part of the next equity raise to fund the Mako mine construction. The conversion was therefore expected to be at market price on the conversion date and the derivative liability had no value.

In August 2016, as expected, the Company repaid $2million of the convertible loans in cash and the remaining US$23million converted into equity at the same price and on the same terms as the equity raise completed in August 2016 (see note 22).

Interest and other finance expense on the convertible debt during the year was US$1,413,000 (2014: US$422,000).

16 Financial risk management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 2.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises, are as follows:

	2015 US$'000	2014 US$'000
Loans and receivables at amortised cost		
Trade and other receivables	**29**	23
Cash and cash equivalents	**2,303**	2,987
Financial liabilities at fair value through profit or loss		
Other financial liabilities	**-**	104
Financial liabilities held at amortised cost		
Trade and other payables	**1,925**	1,461
Short-term loans	**14,670**	-

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and retains ultimate responsibility for them.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Liquidity Risk

The main financial risk facing the Group is the availability of adequate funding. In keeping with similar sized exploration groups, its continued future operations depend on the ability to raise sufficient working capital. The Group finances itself through the issue of equity share capital and borrowings. Management monitors its cash and funding requirements through the use of ongoing cash forecasts.

Cash is held on short term deposits so that it is readily available for the payment of liabilities.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligations in respect of a financial instrument. The Group has no significant financial assets except for cash and cash equivalents.

In relation to its cash and cash equivalents, the Group has to manage its currency exposures and the credit risk associated with the credit quality of the financial institutions in which the Group maintains its cash resources. The Group ensures that cash balances are held with reputable financial institutions within the countries in which it operates.

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

Currency Risk

Foreign exchange risk arises because the Group is operating in parts of the world where the primary currency is not US Dollars and therefore foreign exchange risk arises on transactions entered into in a currency other than the functional currency of US Dollars.

The Group primarily settles its liabilities in Sterling, US Dollars, Euros or Australian Dollars. Cash balances by currency as at 31 December 2015 are set out in note 13. The impact of a 10 % favourable movement in the Sterling and Euro exchange rate to the US Dollar would lead to a foreign exchange gain of approximately US$187,000, and a 10 % adverse movement would lead to a corresponding loss.

The Group has no formal policy in respect of foreign exchange risk. Currency exposure is reviewed on an ad hoc basis. Unrealised gains and losses arising on the translation of monetary assets and liabilities arising in currencies other than the US Dollar are included within the consolidated statement of profit or loss and other comprehensive income.

Capital

The Group seeks to maintain sufficient capital to enable its growth and safeguard its ability to continue as a going concern in order to provide returns for shareholders and to fund exploration opportunities.

Fair Value

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

The fair value of short-term deposits, loans and overdrafts with a maturity of less than one year is assumed to approximate to their book values.

Financial Instruments Hierarchy

The other financial liabilities are measured on initial recognition and subsequently at fair value by reference to valuation models and the probability of outcome and categorised as level 3 measurement:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

Level 3 fair value measurement of warrant liabilities were:

	2015 US$'000	2014 US$'000
At 1 January	**104**	2,211
Fair value adjustment (note 7)	**(104)**	(2,107)
	-	104

The fair value of the embedded derivatives on the convertible loan notes is based on the expected value using a Black Scholes valuation for each outcome and the probability of each outcome. Management applied judgment and the weighting was to an equity raise (nil value as conversion at market price) and repayment at the holders option (nil value in option). Fair value in other scenarios would depend on the estimated fair value per share (determined to be £1) versus the conversion price and share volatility and no intrinsic value was judged to exist in these scenarios.

17 Share capital

As at 31 December 2015, the total issued share capital of Toro Gold is comprised of 24,558,340 ordinary shares. The shares have a nominal value of £0 .01 per ordinary share. The Company's authorised share capital is unlimited.

	Number of ordinary shares	Share capital US$'000	Share Premium US$'000	Total US$'000
At 31 December 2014	16,163,865	254	67,261	67,515
Shares issued for cash, net of issue costs	5,734,951	95	9,039	9,134
Shares issued for loan conversion	1,913,762	32	3,204	3,236
At 31 December 2014	**23,812,578**	**381**	**79,504**	**79,885**
Shares issued	745,762	11	1,118	1,129
At 31 December 2015	**24,558,340**	**392**	**80,622**	**81,014**

The Company issued a total of 745,762 shares during the year to Resource Capital Funds (RCF) and Tembo Capital in lieu of loan establishment fees and interest payments on the convertible loans. The fair value of shares issued was determined to be £1 per share with reference to recent share issues for cash and the proposed equity investment to fund the Petowal Gold Project.

As at 31 December 2015 there were options and warrants in issue over 2,109,000 (2014: 4,597,619) shares.

18 Share based payments

(a) Share Options

In April 2014 the Company implemented a scheme that awarded share options to certain directors and employees of the Company. These options have an exercise price of £0 .01p per share and vest on completion of certain performance conditions as determined by the Board, and are capable of being exercised up to 10 years from grant. No options were granted under the scheme in the year ended 31 December 2015 (2014: 1,690,000).

The Company granted 200,000 share options during the year to a consultant for services provided to the Group. 44,222 options expired or were cancelled (2014: 733,974) and no options were exercised in the year (2014: Nil).

At 31 December 2015 a total of 2,084,000 (2014: 1,928,222) options were outstanding of which 985,500 (2014: 407,222) were exercisable. The weighted average remaining contractual life of the options in issue as at 31 December 2015 was 7.12 years with a range of exercise prices from £0 .01 to £4 .75 .

Options outstanding were valued using the Black-Scholes model using the following inputs:

Date of grant	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends	Estimated fair value
February 2011	£2.00	£2.25	100 %	5 years	2.89 %	0 %	£1.33
June 2011	£3.00	£3.25	100 %	5 years	2.10 %	0 %	£2.00
February 2012	£3.00	£3.75	100 %	5 years	1.07 %	0 %	£1.93
November 2012	£3.50	£4.75	100 %	5 years	0.68 %	0 %	£2.20
April 2014	£1.50	£0.01	89 %	5 years	1.82 %	0 %	£1.34
February 2015	£1.00	£1.50	64 %	4 years	1.08 %	0 %	£0.35

Notes forming part of the financial statements for the year ended 31 December 2015 (continued)

(b) Warrants

The Company did not issue any warrants during 2015 (2014: 25,000) and no warrants were exercised (2014: Nil). A total of 2,644,397 warrants lapsed during the year (2014: 280,000).

As at 31 December 2015 a total of 25,000 (2014: 2,669,397) warrants were outstanding and exercisable. The weighted average remaining contractual life of the warrants in issue as at 31 December 2014 was 1 .12 years with an exercise price of £3 .00.

Outstanding warrants as at 31 December 2015 were valued using the Black-Scholes model using the following inputs:

Date of grant	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends	Estimated fair value
February 2014	£1.50	£3.00	87 %	3 years	0.16 %	0 %	£0.54

19 Contingent liabilities and commitments

As at 31 December 2015, the Group had capital commitments of US$105,000 (2014: Nil). The Group had no contingent liabilities.

20 Commitments under operating leases

As at 31 December 2015, the Group had commitments under non-cancellable operating leases as set out below:

	Land and buildings 2015 US$	Land and Buildings 2014 US$
Payments due:		
Within one year	**138,171**	150,517
In two to five years	**138,171**	-
	276,342	150,517

21 Related party transactions

Pursuant to an agreement dated 7 April 2009, Artemis Trustees Limited, a company of which Mr Robert Sinclair is a Director and ultimately a shareholder, was appointed by the Company to provide administration and secretarial services. Fees are chargeable on a time spent basis, calculated by reference to time, work type and skills involved in providing the services. Fees invoiced during the year totalled US$95,000 (2013: US$106,000) of which US$25,000 was outstanding at the year end and paid in February 2016.

PilotHole Pty Limited (PilotHole) is a company where Martin Reed is a Director. The Company did not receive any consultancy services or make any payment in respect of consultancy services to PilotHole during the year ended 31 December 2015 (2014: US$93,000).

Refer to notes 15 and 17 for financing transactions with shareholders.

22 Events after the reporting date

In February 2016 the Convertible Bridge Loan was increased from US$15 million to US$25 million on existing terms (see note 15b) with maturity extended from 4 June 2016 to 5 August 2016. On maturity the Company repaid US$2 million of the loan in cash and the remaining US$23 million was converted into equity at at £1 (US$1.33) per share resulting in the issue of 17.3 million new ordinary shares.

In August 2016, the Company as part of the overall funding for the construction of the Petowal Gold Project, raised US$37million before issue costs through the issue of 28 million new ordinary shares in the Company at a price of of £1 (US$1.33) per share.

In November 2016 the Company paid US$1.5 million to purchase put options for 31,490 ounces of gold at a strike price of US$1, 100 per ounce as part of a gold price hedging strategy.

In January 2017 the Company entered into a US$40 million Secured Bridge Finance Facility with Taurus. Interest is payable at 9% per annum and repayable on the earlier of:

(i) 30 September 2017; and

(ii) The first utilisation of a US$100 million Project Finance facility with Taurus that is currently being finalised.

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TORO
GOLD

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