



12 January 2011

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Dear Sir/Madam

**PROPOSED ISSUE OF UNLISTED OPTIONS
TORO ENERGY LIMITED**

Toro Energy Limited ('TOE' or 'the Company') hereby provides notice to the ASX that on the 12 January 2011 it has granted to director's 6,000,000 unlisted options to acquire shares in the company subject to shareholder approval.

The options have been granted as a key component of director's remuneration in order to retain their services and provide incentive linked to the performance of the Company.

In accordance with Listing Rule 3.10.3, the Company provides the following details of the options:

Class of Securities: Unlisted Options

Number to be issued: 6,000,000

Principal Terms of the Securities: For 5,000,000 options the Exercise Price will equal the prevailing market price on the day of issue (being the date of shareholder approval) plus a premium of 37.5% (but not less than \$0.22).

For 1,000,000 options the Exercise Price will equal the prevailing market price on the day of issue (being the date of shareholder approval) plus a premium of 87.5% (but not less than \$0.30).

The exercise period for all options commences on the day of issue and ends on 11 January 2016.

Issue Price: NIL

Purpose of the Issue: Key component of remuneration.

Shareholder Approval: The Company will seek shareholder approval at a General meeting to be held in the future.

Issue to Class: The issue is not being made to a class of security holders.

Yours faithfully,

A handwritten signature in black ink that reads "Donald Stephens".

**DONALD STEPHENS
COMPANY SECRETARY**