TORO GOLD

Toro Gold Ltd

Annual Report 2016

Contents

Appendix: Annual Financial Statements 2016

The Chairman’s Statement, Mako project construction update, Environmental and Social, Exploration, Corporate, Board and Management sections of this report were prepared as at 1 January 2018. The Report of the Directors’ and financial statements approved by the Board and available to the auditor as at 25 July 2017, being the date the audit report was issued, are included in appendix 1.

Chairman's Statement

I am pleased to provide you with this update on Toro Gold's progress over the course of 2016 and 2017, and the progress the company has made regarding the construction of the Mako Project and the further development of our exploration portfolio.

Since receiving a mining permit in mid-2016, the company has been busy implementing the construction plans to develop the Mako Project in Senegal, a process slated to take eighteen months for a total cost of US$158 million.

Delivery of the Mako Project has been overseen by our construction team and a group of high quality contractors, managed by the company's Project Manager Russell White. We are pleased to confirm that the project remains on target for both budget and schedule for first gold in the first quarter of 2018. Additionally, preparations for operational readiness are progressing well, with a General Manager and team in place, ready to start operations in 2018.

Environmental & Social activities remain a key focus around the Mako Project as we seek to maintain our social licence to operate, while being conscious of our environmental responsibilities.

During 2017 we have been excited to further develop our partnerships with both the National Parks Department of Senegal ("DPN") and Panthera (an international conservation group with demonstrated delivery capacity in Africa and globally). Working together, we have been able to instigate a programme which we believe will help to preserve and improve the biodiversity conservation within the Niokolo-Koba National Park, which sits just outside of the Mako Project area; thus maintaining our original promise to leave a legacy of long term positive impacts on the social and environmental landscape of Eastern Senegal.

It is also with great pleasure that we can report solid progress on our exploration activities in Côte d'Ivoire and Senegal. At Toro Gold we recognise the importance of the "drill bit" in maintaining and creating shareholder value and we remain committed to exploration as a driver of growth.

Fully funded to first gold, we look forward with great anticipation to the next 12 months and first production on the Mako Project and ongoing exploration success.

Mark Connelly

Non-Executive Chairman

Mako Project - construction activities, September 2017

Mako Project Construction Update

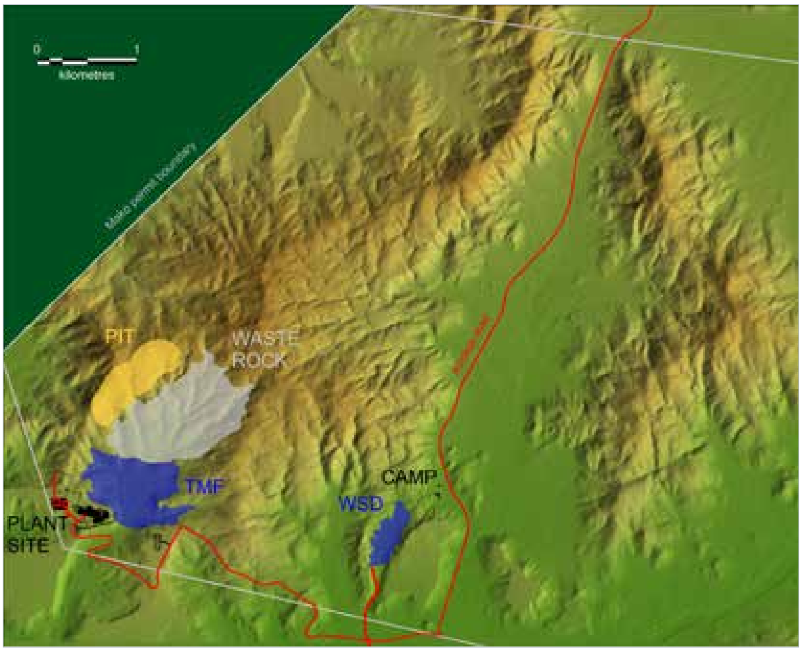
Construction progress at the Mako Gold Project has been excellent with the Project currently both on schedule and budget to deliver first gold during the first quarter of 2018. Following the award of a 15 year Mining Concession to Toro Gold's 90% owned subsidiary, Petowal Mining Company SARL ("PMC") by the Government of Senegal in July 2016, construction commenced in August 2016 on a planned 18 month development schedule with forecast capital costs of US$158m to achieve steady state production.

Utilising competitive tendering, Toro Gold's experienced owners' team assembled a group of internationally recognised contractors to complete the development of the Mako gold mine. In addition good progress was made in the early identification of key members of operational staff and a number of appointments have been made to support the transition to operations in due course.

Project Construction Facilities:

Based on the 2015 Definitive Feasibility Study and the subsequent 2016 Optimisation Study, the Project envisages the development of a 1 million ounce JORC complaint Reserve over an initial 8 year life. Mining from a single open pit and using an industry standard Carbon in Leach ("CIL") processing facility to extract the gold, the principal facilities being developed during construction are summarised as follows:

- 1.8mtpa CIL plant inclusive of crushing and grinding circuit, gold extraction circuit, gold room for doré production and Cyanide detox circuit;
- Lined tailings management facility ("TMF");
- Raw water storage dam with river abstraction point;
- Office and warehouse facilities;
- 130 person accommodation camp;
- 14MW IPP Diesel fired power station;
- Fuel farm;
- Mining Services Area ("MSA") and associated explosive storage facility,
- Pre-development mining operations; and,
- Over 14km of access roads across the project site.



Mine infrastructure layout

Construction contractor group

In selecting the contractors to complete both construction and operational aspects of the Project, Toro Gold has sought to engage internationally reputable groups with successful track records in the development and operations of gold projects in Africa. Utilising a competitive tendering approach, the following groups were retained to support PMC at Mako:

- Lycopodium Minerals Pty Ltd
- Eiffage Senegal
- SFTP SA
- TTI
- DLM Senegal
- Knight Pièsold Consulting
- SGS Minerals
- Vivo Energy
- AMS Senegal S.U.A.R.L. (AMSS)
- Power Solutions Africa
- ATS S.A.R.L.

While most of these groups have direct experience of operating in Senegal, AMSS is a newly formed entity and establishes them as Senegal's first fully integrated, international contract mining services company. The partnership between PMC and AMSS on the Mako project is not only beneficial to Toro Gold given their demonstrable track record of success across Africa, but also to the developing Senegalese mining sector.

AMS Fleet arriving on site

Plant site

Construction Progress

Construction progress since the full commencement of works in August 2016 has been excellent and at the time of report writing is over 90 % complete. The following section gives an overview of progress at the key construction areas:

Processing Plant Facility

- All key earthworks and civils / concrete for the plant site were completed on schedule in early 2017 which permitted the start of installation works before the on-set of the wet season in Senegal in June / July 2017;
- All six CIL tanks, top of tank steel and pipe racks had been erected allowing commencement of piping and mechanical installation works to commence in July 2017;
- The mill concrete foundation was poured early giving access to the mill installation activities. SAG mill components were delivered to site and installation is complete;
- The Primary crusher facility has been completed and has crushed its first material;
- Material handling areas including conveyors, transfer bin and stockpiling are completed;
- The CIL and Thickener facilities are completed;
- Various services including water, fire, air and reagents are also well advanced with piping and electrical installation being the main tasks to complete;
- Reagent Storage sheds are complete and the warehouse and stores laydown are near completion ready for reagents and spares that are starting to arrive on site;
- Construction of all plant buildings is complete.

Tailings Management Facility and Water Storage Dam

- All earthworks for the TMF were completed in May 2017 with installation of the plastic liner completed, during the following month;
- After independent inspection and sign off, the facility was further inspected and approved for operations by the Department of Environment in August 2017;
- The Raw Water Dam ("RWD") was completed in June with the associated river abstraction point commissioned shortly thereafter in early July.
- The facility was also inspected by the Department of Environment in August 2017 with approval to operate granted shortly thereafter; and,
- The rainy season commenced in July and the Gambia River flow rates have increased substantially from their annual lows at the end of May. Abstraction of water commenced in August and at this time the RWD is full and able to support commissioning and the full operations schedule through the coming dry season later in 2018.

Ancillary Infrastructure

- All project access infrastructure and laydown areas were completed in early 2017 enabling full access to the site for all construction and operational activities.
- Fuel depot construction is complete and commissioned;
- The mine site laboratory is commissioning at this time;
- The installation of the 14MW Power Station has been completed, all gensets were delivered to site and full power generation is available at this time ;
- At the camp site the kitchen, dining hall, wet mess, laundry facilities and recreational areas are fully operational; and,

Mining Activities

- After a competitive tender process in 2016, African Mining Services Senegal SUARL, a wholly owned subsidiary of Ausdrill Pty Ltd, were awarded the contract for mining operations at the Project;
- The Mine Services Contract ("MSC") includes drill and blast, load and haul of ore and waste as well as ancillary support services including dewatering, dust suppression and road maintenance within the pit area;
- AMSS commenced mobilization to site during Q2 2017 and currently have all equipment required to commence pre-production activities at Mako;
- Pre-strip activities have commenced and substantial progress was made developing the haul roads and ROM pad. Access has been established from the ROM pad to the Stage 1, 2 and 3 mining pits in readiness for the operating fleet to commence full mining in September.
- First drill and blast activities commenced in September 2017 generating first ore to the ROM Pad.
- Plans indicate that adequate ore tonnage will be available on the ROM pad to support the commissioning of the process facility, gold pour and operations as per the schedule.

Operational Readiness and Commissioning Planning

In order to ensure an integrated approach to operational readiness with the completion of construction activities, Toro Gold moved early to retain the services of a highly experienced General Manager ("GM") for the operational phase. In early 2017 Toro Gold were delighted to retain the services of Mr Adrian De Freitas in the role of GM for PMC.

Since his appointment in early 2017, Mr. De Freitas has been working with the construction team to ensure a smooth transition from operational readiness to end of construction / commissioning phases. In addition, Mr. De Freitas continues to assemble the operational team through the identification and retention of a number of key managers.

Environmental and Social

Since the earliest stages of exploration, Toro Gold has placed its environmental and social responsibilities at the core of our business decision making process. In addition to operating in a responsible manner, Toro Gold is seeking to realise sustainable conservation and social gains around the Mako Project and is implementing this via partnerships with community, local and national authorities and Non-Government Organisations ("NGO").

Local Economic Participation

Our Local Economic Participation plan aims to maximise the benefit of the project to the host communities through employment, training and skill development, livelihood security and improved access to public services and infrastructure.

Preferential Local employment

Thanks to the strict application of a policy for preferential local employment by the Company and its contractors the Project has employed over 1,400 people during the peak of construction in 2017, of which 90% are Senegalese and 35 percent originate from the local municipality of Tomboronkoto.

Apprenticeship Programme

In partnership with the Technical College of Kedougou, the Company has implemented an innovative apprenticeship programme in structural, electrical and mechanical trades. To date 30 persons from the municipality of Tomboronkoto have benefitted from this 6 month programme which combines a supervised work placement with the Project with theoretical tuition at the College.

Livelihood Restoration Programme

Whilst the project avoids the need for any physical resettlement, there is a limited requirement for livelihood restauration, and as per Toro's commitment that no person's livelihood will be worse off as a consequence of the Project, the Company has continued to work closely with affected communities to understand the nature and extent of impacts on their livelihood.

A Negotiation Forum comprising elected representatives from affected communities was established in late-2015 to define a process for Project land-take and accompanying measures for compensation and livelihood restoration, which culminated in an agreement that was signed in mid-2016.

Over the last 12 months, the Company has been implementing the Livelihood Restoration Programme against these agreed commitments. Key elements of the Programme include access to: irrigated market-gardening and fruit-tree orchards for commercial production; mechanised rain-fed agriculture; water and pasture for livestock and veterinary services. A number of these elements have been tested through previous years' pilot and demonstration projects to enable identification of any design issues and to help impacted people make informed choices of alternative activities.

Land Use and Development Plan

Since early-2017, the Company has funded a technical assistance programme to support the municipal council of Tomboronkoto to articulate a vision and development goals for the municipality through elaboration of a forward-looking Land Use and Development Plan. The Plan will in turn guide the Company in defining the role and strategic actions it takes to help the municipality achieve its development goals.

The Petowal Biodiversity Offset Programme ("PBOP")

Despite significant investment in avoidance, minimisation and restoration, there will be some residual impact on biodiversity arising from Project development. Biodiversity offsets are being planned and implemented to achieve the Company's goal of no net loss/net gain to Biodiversity. Priorities identified include the NKNP, the Gambia River, gallery forest and a number of species for which these habitats are globally important. Chimpanzees have been identified as a high priority species owing to their threatened status and the potential for impacts.

Toro Gold has proactively engaged with land and resource management and advisory authorities to align Project plans with their policies on biodiversity management including the DPN, the International Union for the Conservation of Nature (IUCN), UNESCO and the Gambia River Management Authority (OMVG). The Company has also worked closely with academic institutions and researchers with specialist knowledge of threatened species and their habitat. In the case of chimpanzees, we have sought expert input from Dr Jill Pruetz of the Texas State University who is a biological anthropologist and pre-eminent primatologist. In southeast Senegal Dr Pruetz has been studying the Western chimpanzee and their adaptation to savannah habitat for over a decade.

The design and implementation of the PBOP is guided by an independent Advisory Panel comprising national and international conservationists of varied backgrounds, with regional experience in conservation, rural development, primatology, civil society and academia. Since being set up in 2016 the Advisory Panel has convened on a regular basis to review technical plans and monitoring results and provide independent, strategic and expert advice.

The Panthera Project

As part of the PBOP, Toro Gold continues to work in partnership with NGO Panthera and the DPN on an exciting project to enhance security, monitoring and conservation management in the southeast of the NKNP. The Park was added to the UNESCO List of Endangered World Heritage sites in 2007 and requires urgent, large-scale conservation measures, or it may lose the values for which it was awarded World Heritage status.

Panthera mobilised in June 2017 to commence the programme and will provide technical assistance to the DPN towards site security and wildlife protection through the implementation of an improved system of ranger patrol with the aim of reducing the threats to wildlife species and their habitat.

Key measures under the Panthera Project programme include:

- The active protection of key wildlife species and their habitats, including law enforcement monitoring;
- Institutional strengthening and capacity building in site protection and biodiversity conservation;
- Application of new technology for communication, surveillance and monitoring i.e. SMART, PoacherCam;
- Development and maintenance of infrastructure i.e. patrol posts, command centre, Park access; and
- Scientific research

We believe that this intervention has the potential to demonstrate significant landscape-level conservation gains for chimpanzees and other threatened species, and demonstrate the potential for the NKNP to be removed from the List of Endangered World Heritage sites. The programme has already started to attract funding from other private sector and conservation organisations through external fundraising initiatives.

The PBOP for wider conservation

The PBOP is also being extended to areas outside but contiguous to the NKNP, with priority given to the protection of natural habitat and its connectivity within the municipality of Tomboronkoto. A feasibility assessment of community-based conservation actions is being undertaken by The Biodiversity Consultancy. Subject to agreement with local communities and land tenures holders, this is expected to result in the formal designation of conservation zones through land use planning instruments, establishment of local land and resource use conventions, livelihood development programmes, institutional capacity building, research, environmental education and awareness.

The Company objective is to demonstrate a forward thinking, constructive engagement model through which the private sector, communities, government agencies and conservation groups can work together to achieve a positive conservation outcome.

Environmental and Social Performance Auditing and Reporting

Toro Gold is committed to independent auditing and reporting of our performance against our biodiversity objectives. As such the first independent Biodiversity audit is scheduled in early-2018.

In addition, to support the Company's aim towards transparent disclosure of its Environmental and Social performance, a sustainability reporting framework is to be developed and implemented in line with the Global Reporting Initiative ("GRI") Standards. This will involve the development of sustainability metrics in order to provide meaningful performance data. The first Sustainability Report is expected to be released in 2019, covering the first year of mining operations at Mako.

Lenguekoto Market Gardens

Exploration

Toro Gold has made good progress in our exploration activities in Senegal and Cote d'Ivoire during the last 12 months.

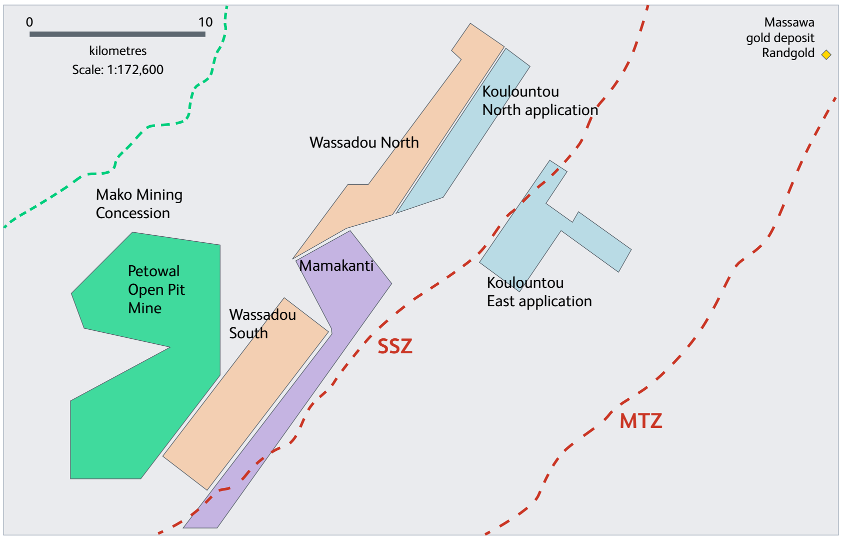
In Senegal, Mako mine construction commenced in August 2016, which restricted access to the permit area, therefore confining exploration activities to three exploration permits located to the east of the mining licence.

In Cote d'Ivoire work continued on the joint venture with Predictive Discovery Ltd (ASX: PDI) and exploration work over the period focused on the Boundiali and Ferkessedougou North exploration permits while generative work continued on the Beriaboukro and Kokoumbo permits in the Fetekro greenstone belt. Both RC and Core Drilling activities were completed at the Boundiali permit while the balance of the portfolio was subject to surface exploration techniques in an effort to identify potential drill targets for future evaluation.

Senegal

Current exploration in Senegal has focussed on the identification of additional mill feed for the Mako Gold Project to extend the mine life. The Company has already identified a number of zones of potential mineralisation below the current open pit at the Mako Gold Project and across the mining permit, but construction activities have restricted access to the site over the last 15 months. The testing of these targets will commence in 2018 once the mine is operating.

Activities in Senegal have therefore focussed on identifying satellite deposits outside of the current Mako Permit area through the operation of a number of joint ventures with local Senegalese partners. In Q4 2016 Toro signed an earn-in joint venture with Sonko et Fils on their Mamakanti permit (38 km²) and signed an Option Agreement with Sodemines in respect of their two Wassadou permits (total 68 km²). Toro has also made direct applications for two additional permits – Kouloutou North and East, which are currently pending.



Mako Mining Concession, Joint Venture permits and permit applications

Broad spaced soil sampling (400*100 metre grids) was used to screen the entire surface area of all three permit areas. Closer spaced soil sampling (200*50 metre grids) was then undertaken to cover areas of soil anomalism and a number of coherent soil anomalies were mapped in readiness for the next phase of work – trenching and RC drilling – during the 2017-18 dry season. Some 5,200 soil samples were collected and 25 km² of prospect mapping was carried out during the 2016-17 field season.

Mamakanti Permit

Baniomba prospect: Detailed soil sampling (200*50 metre sample spacing) has delineated a narrow (<0.5km wide), 5km long soil anomaly which straddles and runs parallel to the regionally important Sabodala Shear Zone or Corridor. The anomaly is associated with at least two parallel zones of quartz veining (200-400m apart) which are hosted by sheared granodiorite and metasediments although 2km of the anomaly strike length is masked by laterite sheets.

Lame prospect: Several ENE to NE trending soil anomalies have been delineated by detailed soil sampling. These now require follow-up trenching and if results warrant an RC drill testing campaign.

Sekoto prospect: This is a possible NE extension of the Baniomba prospect where a 1km long zone of quartz veining underlies the soil anomaly.

Wassadou Permits

Two areas of soil anomalism have been delineated within the Wassadou permits – the Honey Hill and Masa Fara prospects although these are both considered lower priority for follow-up exploration work during the 2017-18 field season.

The Senegalese exploration team are currently developing a work programme for the 2017-18 field season that will focus on both the Mako Mining Permit and these satellite permits.

Ivory Coast

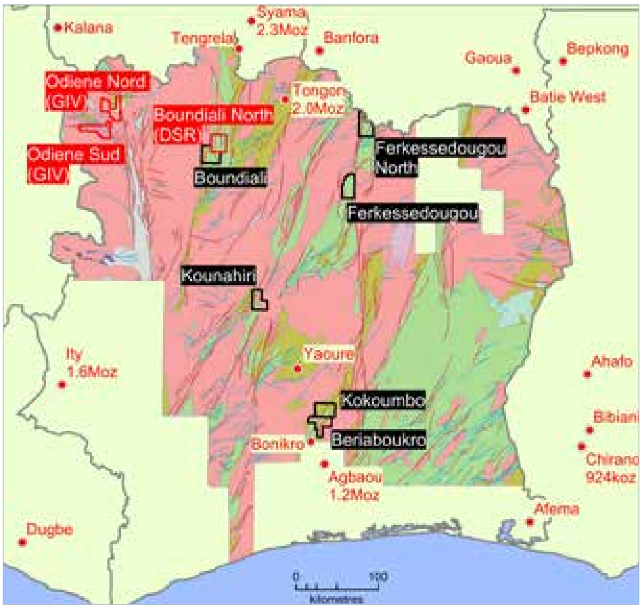
Predictive Discovery Joint Venture Update

In March 2015 Toro Gold entered in to a joint venture agreement with PDI whereby Toro Gold can earn up to a 90 % interest in to PDI's Cote D'Ivoire subsidiary company, Predictive Discovery Côte D'Ivoire SARL ("JVCo"). JVCo at that time was the holder of three large Exploration Permits and a Joint Venture with a local company (Ivoire Negoce) over a fourth exploration permit.

Since signing the initial joint venture, additional permits have been acquired by JVCo to bring a total of six exploration permits being operated as either direct applications (Boundiali, Ferkessedougou and Kounahiri) or by way of Joint Ventures. One JV is with Ivoire Negoce on the Kokoumbo permit and the second JV is with Gold Ivoire Minerals (GIV) on the Ferkessedougou North and Beriaboukro permits.

Two additional GIV applications – Odienne North and South are included within the GIV JV and a further JV has been signed with DS Resources on the Boundiali North permit application. These applications are proceeding through the administration system in Cote d'ivoire.

Work commenced in March 2015 and by the first quarter of 2017 Toro Gold satisfied the Stage 2 earn-in expenditure commitment leading to a holding of 65 % in JVCo. At this time PDI notified the Company of its intention to fund future work on a pro-rata basis and since this time has been funding its 35 % of exploration costs in Cote d'Ivoire.



Location of JVCo exploration permits and applications

During the 2016-17 field season, Toro Gold's exploration team have continued to systematically explore this extensive portfolio of properties which covers some 2,000km² of prospective Birimian geology. The Toro Gold exploration team has now completed reconnaissance and follow-up soil sampling across the entire surface area of all 6 permits. With the exception of the Kokoumbo permit all five other permits are grassroots projects with no recent exploration work having been carried out by exploration companies.

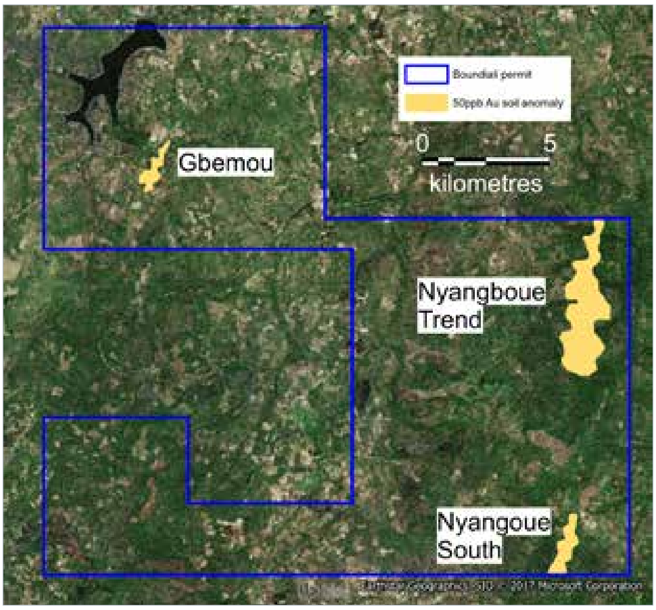
Generally broad spaced (800*100 metre grids) sampling is undertaken first to screen entire permit areas. Soil grids are then tightened-up where appropriate firstly using 400*100 metre grid spacing, and if further justified by analytical results, closing-up sample spacing to 200*50 metres. This is the prospect generation phase aimed at identifying drill targets and has involved the collection and analysis of more than 30,000 soil samples to date.

In this way Toro has identified a number of significant soil anomaly trends on 5 of the 6 permits which are now in various stages of follow-up exploration.

Boundiali Permit

Soil sampling programmes generated 3 drill targets at Boundiali as follows:

- *Nyangboue:* A 6km long, N-S oriented soil anomaly located on the Syama-Sissingue regional scale structure on the east side of the permit
- *Nyangboue South:* A 2.5 km long soil anomaly along the same N-S regional trend
- *Gbemou:* A 3km NE trending soil anomaly on the northwest side of the permit



Boundiali: the Nyangboue, Nyangboue South and Gbemou drill targets

Nyangboue

The central 2km of Nyangboue was drill tested in mid-2016 with a series of 8 wide spaced (320 metres apart) RC drill fences which produced a set of encouraging results over a strike length of 1.2km. A total of 93 inclined RC drill holes were completed for 5,500 metres. Most drill holes were 50-60 metres in length with a number of holes being drilled to 120 metres.

A pole-dipole Induced Polarisation (IP) and ground magnetic survey covering the full 2km long RC drill grid at Central Nyangboue was subsequently completed in Q4 2016. The results of the IP survey revealed a chargeable zone directly beneath gold mineralisation at Nyangboue over a strike length of at least 200 metres. The chargeable zones are due to disseminated sulphides and/or black shale units within the metasedimentary package that hosts the gold mineralised shear zone at Nyangboue.

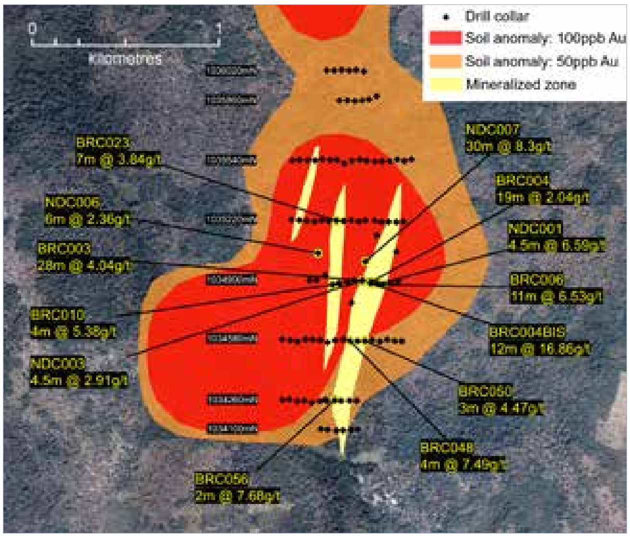
A further 10 hole core drill programme (1,670 metres) was completed in Q1 2017. The programme was designed to investigate the geological setting of the Nyangboue gold mineralisation (identified in the 2016 RC drilling programme), investigate the 200 metre long IP chargeability high that sits under the best RC drill results, aim to repeat some of the high grade intersections seen in RC drill holes and to gather structural data to interpret the setting of the gold mineralisation.

Hole ID	From (m)	Intercept	Rock Type
BRC004	0	19m @ 2.04g/t	Weathered
BRC003	3	28m @ 4.04g/t	Weathered
BRC010	4	4m @ 5.38g/t	Weathered
BRC048	7	4m @ 7.49g/t	Weathered
BRC009	16	3m @ 3.39g/t	Weathered
BRC050	31	3m @ 4.47g/t	Weathered
BRC004	32	14m @ 5.51g/t	Weathered
BRC023	33	7m @ 3.84g/t	Weathered
NDC006	33	6m @ 2.36g/t	Weathered
BRC004BIS	38	12m@ 16.86g/t	Weathered
NDC007	39	30m @ 8.3g/t	Weathered
BRC056	42	2m @ 7.68g/t	Weathered
NDC001	75	4.5M @ 6.59g/t	Fresh
BRC006	97	11m @ 6.53g/t	Fresh
NDC001	175.5	3m @ 4.09g/t	Fresh

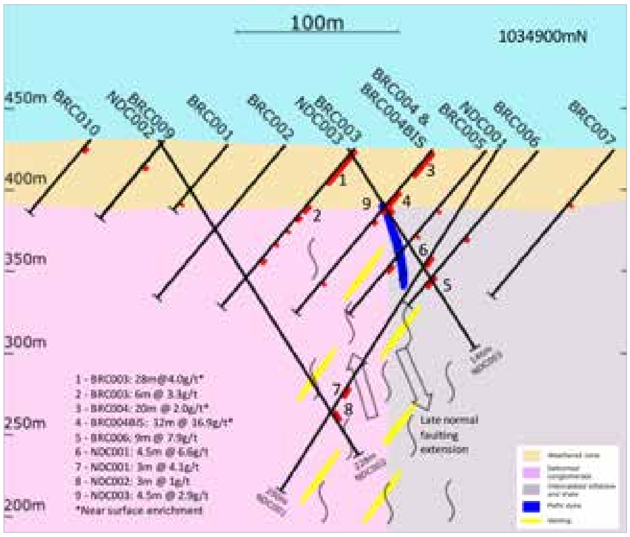
Selected drill intersections from the 2016 RC drilling programme and the 2017 core drilling programme

Geological data collected from drill core has provided a much better understanding of the gold mineralised zone at Nyangboue Central. The following points summarise the main features of geology and gold mineralisation:

- The soil anomaly at Nyangboue overlies a broad N-S trending, steeply dipping shear zone several hundred metres wide; the shear fabric dips steeply to the east.
- Weathered rock (saprolite and saprock) persists to a depth of 45-65 metres below surface across the prospect.
- Surface enrichment processes (often seen in the deeply weathered tropical environments above bedrock gold mineralised zones) have produced sporadic high grade gold mineralised zones within the saprolite and saprock.
- The host rocks comprise intercalated shales, siltstones and sandstones on the east side of the prospect and highly deformed conglomerates on the west side of the prospect. The contact between these two packages is probably a structural contact. The conglomerates contain abundant magnetite. The shales in places are black and carbonaceous.
- Shear fabrics dip steeply and consistently to the east and <1 to 2% disseminated sulphides such as pyrite, pyrrhotite and minor aresenopyrite occur within the deformation fabric. Some of the pyrite may be diagenetic.
- The IP chargeability anomaly is probably caused by disseminated sulphides or carbonaceous black shales (or a combination of these).
- Various types and orientations of quartz vein have been recognised in drill core within the shear zones. Most abundant are shear parallel sheeted veins but these do not appear to carry free gold. Perhaps the most significant quartz vein type are narrow (<1 to 2cm thick) milky white to grey veinlets that dip to the west and NW at 40-60 degrees, and carry coarse visible gold as well as minor pyrite.
- This west to NW dipping quartz vein set is likely to have developed during late normal faulting (extension).



Nyangboue Central: RC and core drilling results summary



Nyangboue Central: Preliminary interpretation of the mineralised zone based on 2016 - 17 drilling

Nyangboue South and Gbemou Prospects

Two RC programmes were carried out on broad spaced lines at Nyangboue South and at the Gbemou prospect in Q2 2017.

At Nyangboue South 35 inclined drill holes were completed for 1,900 metres on 6 RC fences spaced 200 metres apart covering a strike length of 1.7 km.

And at the Gbemou prospect 43 inclined RC holes were completed for 1660 metres on * RC fences spaced at 200 metres apart covering a strike length of 1.6 km.

The 1 metre RC sample assay results from these two programmes were overall somewhat disappointing producing only a few narrow, rather low grade, shallow drill intersections. And although the RC fences were widely spaced (200 metres) it is unlikely that closer spaced drilling would improve these prospects and so no further work is planned at present.

Ferkessedougou North Permit (GIV JV)

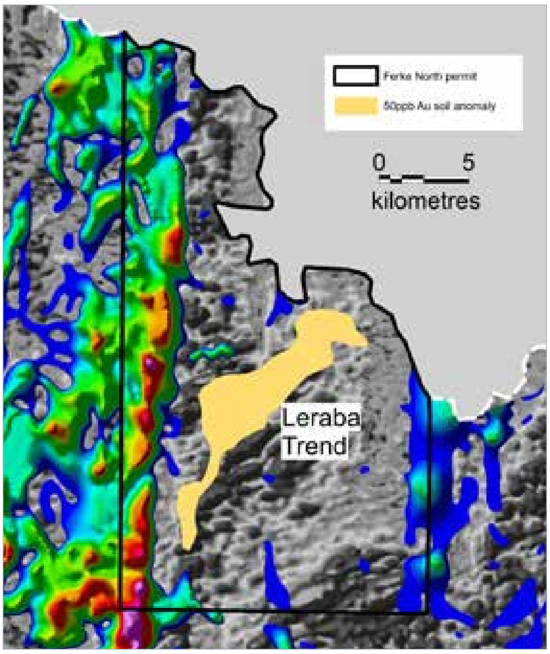
Soil sampling across the entire 400 km² permit during the 2016-17 field season delineated an extensive linear zone of soil anomalism along an 18km long NNE trending zone. The Leraba Trend, named after the river that forms the border between Cote d'Ivoire and Burkina Faso, varies in width from 1km in the south to 3 km in the north and is a complex zone of soil anomalies related to a series of parallel to sub-parallel quartz reefs within shears hosted by a package of metasedimentary rocks.

The Leraba Trend appears to form a NNE trending splay between two large scale N-S trending bounding structures which are both coincident with linear total count radiometric anomalies, the western zone is caused by an extensive zone of granitoids and granitoid pegmatites.

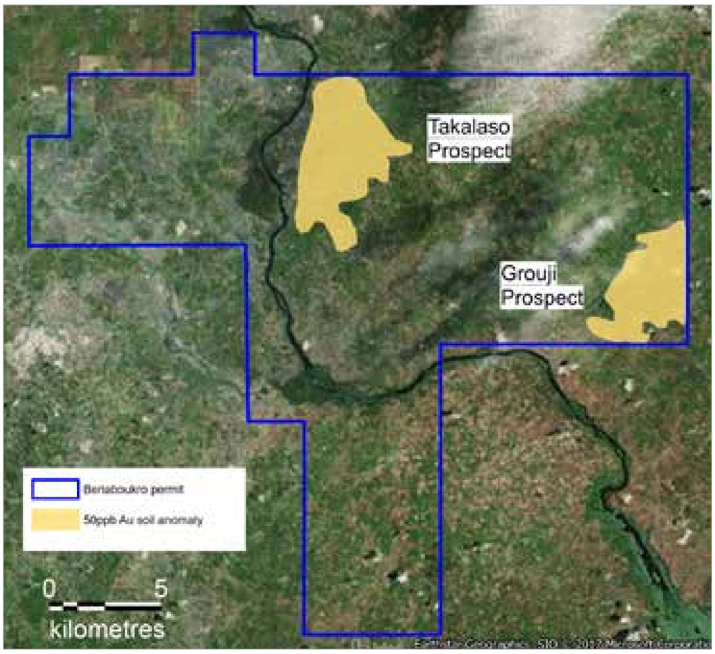
During foot traversing to collect soil samples Toro geologists observed and mapped numerous areas of artisanal mining which are inevitably spatially associated with soil anomalies.

Ferkessedougou Permit

No further work has been carried out on the Ferkessedougou permit during the last 12 months although soil sampling in 2016-16 delineated the 3.5 km long Lomi soil trend which is more or less drill-ready. The Lomi trend is located some 50-60 km south of Leraba and is located on the west bounding structure of the Leraba Trend.



Ferke North: The Leraba Trend



Beriaboukro: The Grouji and Takalaso soil anomalies

Beriaboukro Permit (GIV JV)

Following on from permit wide soil sampling in 2016 detailed soil sampling (200*50 metre grids) was completed on two areas of soil anomalism – the Grouji and the Takalaso prospects. More surface is now required – mapping and possibly trenching to assess whether there are justifiable drill targets at Takalaso and Grouji.

Kokoumbo Permit

No additional work was carried out on the Kokoumbo permit during the last 12 months save for a soil sampling programme across the Fetekro shear zone in the SE corner of the permit area. This work repeated work done by Equigold which was carried out about 10 years ago and produced similar results – scattered gold-in-soil anomalies but no coherent zones which can be followed up directly by drill testing.

The Ivorian Exploration team are currently evaluating and planning the 2017-18 field programme which will be focussed on following up the results achieved in 2016-17.

Corporate

Funding

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

Toro Gold completed a US$40 million placement with Quantum Global in Q2 2017 to fulfil the equity funding required for the construction of the Mako Project.

During Q3 the company agreed an increase of US$10 million to the Taurus senior debt facility to US$110 million, ensuring in the company being fully funded to first gold pour in Q1 2018.

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 30 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 ExecutiveDirector 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 35 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 the Groupin 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 47 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 14

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 20 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 14

Boubacar Thera *International Business Development Management* See page 15

Glen Armstrong *Senior Environmental and Social Performance Advisor*

An environmental scientist and public health specialist by training, Glen has over 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 over 15 years' experience integrating environmental and social sustainability into the design and implementation of work plans and projects. Over the last 10 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.

Adrian Defreitas *Mako General Manager*

Mr. De Freitas is a mining engineer with over 35 years of experience in the industry. Prior to joining Toro Gold, Mr. De Freitas was General Manager of the Youga open pit and CIL gold mine in Burkina Faso, Endeavour Mining Corporation's first operating mine, and was a member of the operational management team that supported the growth of the company from a single asset to a multiple operating mine business producing 500,000 ounce per year within a six year period. Prior to joining Endeavour, Mr. De Freitas held senior operational, technical and business development positions with Katanga Mining Ltd at its Kolwezi operations in the DRC and at several of AngloGold Ashanti's operations in sub-Saharan Africa. Mr. De Freitas is a Chartered Engineer with a degree in Mining Engineering from the Imperial College of Science and Technology and cut his teeth in the industry on the Zambian Copper-belt.

Appendix: Toro Gold Annual Financial Statements 2016

Appendix 1

Report of the Directors

Report of the Directors for the year ended 31 December 2016

The Directors present their report together with the Group financial statements for the year ended 31 December 2016. 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 are held by QG Africa Mining (31 %), Tembo Capital (27 %) and Resource Capital Funds (27 %).

Principal Activity

Toro Gold Limited is a gold exploration and development company focused on sub-Saharan Africa. The Group is building the Mako gold mine in Senegal, which has a 1million ounce reserve at 2.25g/t and a 1.4 million ounce resource based on the Definitive Feasibility Study completed in 2015.In addition, the Group has a portfolio of interests in exploration projects in Cote d'Ivoire and Gabon.

Results & Dividends

The results for the year are set out on page 5.
The Directors do not recommend the payment of a dividend (2015: Nil).

Directors

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

Key Performance Indicators

The key performance indicators of the Group are as follows:

	2016 US$'000	2015 US$'000
Cash at bank	**4,748**	2,303
Payments in respect of intangible assets and property, plant and equipment for the year	**35,768**	12,276

Financial Instruments

Details of the use of financial instruments by the Group and financial risk management are set out in note 19 to the financial statements.

Events after the Reporting Date

See note 26 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 IFRSs. 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: *25th July 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 2016 which comprise the consolidated statement of total 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 company'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 2016 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 both the Group satisfying conditions precedent under its Project Term Loan Facility by 30 September 2017 to repay its Secured Bridge Finance Facility and the Group's ability to raise further funds by Q1 2018 to enable it to meet its liabilities as they fall due. These conditions 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.

Independent Auditor's Report (Continued)

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: *25th July 2017*

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

Consolidated statement of comprehensive income
for the year ended 31 December 2016

	Note	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Other administrative expenses	7	**(2,921)**	(2,527)
Share based payments	5	**(342)**	(1,641)
Total administrative expenses		**(3,263)**	(4,168)
Exploration costs expensed	12	**(96)**	(105)
Total operating expenses		**(3,359)**	(4,273)
Loss from operations	5	**(3,359)**	(4,273)
Finance income	8	**638**	104
Finance expense	8	**(1,760)**	(1,413)
Loss for the year before taxation		**(4,481)**	(5,582)
Taxation expense	9	**(28)**	(20)
Loss and other comprehensive loss for the year		**(4,509)**	(5,602)
Loss and other comprehensive loss for the year attributable to:			
Owners of the parent		**(4,506)**	(5,598)
Non-controlling interest		**(3)**	(4)
		(4,509)	(5,602)
Loss per share attributable to owners of the parent:			
Basic and diluted (US$)	10	**(0.10)**	(0.23)

The notes on pages 9 to 31 of the Appendix.

Consolidated statement of financial position

as at 31 December 2016

	Note	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**101,334**	2,090
Intangible assets	12	**3,034**	52,528
Total non-current assets		**104,368**	54,618
Current assets			
Trade and other receivables	14	**2,367**	265
Derivative financial assets	15	**2,138**	-
Cash and cash equivalents	16	**4,748**	2,303
Total current assets		**9,253**	2,568
Total assets		**113,621**	57,186
LIABILITIES			
Current liabilities			
Trade and other payables	17	**16,265**	1,925
Short term loans	18	**-**	14,670
Tax liabilities		**31**	24
Total current liabilities		**16,296**	16,619
Total liabilities		**16,296**	16,619
Net assets		**97,325**	40,567
EQUITY AND RESERVES			
Share capital	20	**1,019**	392
Share premium	20	**142,434**	80,622
Share based payments reserve		**5,818**	6,990
Retained losses		**(51,914)**	(47,408)
Equity attributable to the owners of the parent		**97,537**	40,596
Non-controlling interest		**(32)**	(29)
Total equity		**97,325**	40,567

The financial statements were approved and authorized for issue by the Board of Directors on 25th July 2017 and were signed on its behalf by:

Martin Horgan
Director

The notes on pages 9 to 31 of the Appendix.

Consolidated statement of cash flows
for the year ended 31 December 2016

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Operating activities		
Loss for the year	**(4,509)**	(5,602)
Add:		
Depreciation of property, plant and equipment	**24**	34
Share based payments	**342**	1,641
Movement in fair value of derivatives	**(638)**	(104)
Interest and other finance expense	**1,760**	1,413
Taxation expense	**28**	20
Operating loss before changes in working capital	**(2,993)**	(2,598)
Movement in receivables	**32**	(75)
Movement in payables	**(99)**	(146)
Cash outflow from operating activities before tax	**(3,060)**	(2,819)
Corporation tax paid	**(19)**	(25)
Net cash outflow from operating activities	**(3,079)**	(2,844)
Investing activities		
Payments in respect of intangible assets	**(13,050)**	(10,885)
Payments in respect of property, plant and equipment	**(22,718)**	(1,391)
Purchase of financial assets (gold options)	**(1,500)**	-
Cash outflow used in investing activities	**(37,268)**	(12,276)
Financing activities		
Issue of ordinary shares, net of issue costs	**36,667**	-
Proceeds from borrowings, net of transaction costs	**9,949**	14,497
Repayment of borrowings	**(2,000)**	-
Payments of transaction costs (deferred) related to loans	**(1,653)**	-
Interest paid on convertible loans	**(171)**	(61)
Net cash inflow from financing activities	**42,792**	14,436
Net change in cash and cash equivalents	**2,445**	(684)
Cash and cash equivalents at the start of the year	**2,303**	2,987
Cash and cash equivalents at the end of the year	**4,748**	2,303

Refer to note 22 for material non cash transactions.

The notes on pages 9 to 31 of the Appendix.

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 as at 1 January 2015	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)
Conversion of loan fees and interest	11	1,118	-	-	1,129	-	1,129
Share based payments	-	-	1,641	-	1,641	-	1,641
Balance as at 31 December 2015	392	80,622	6,990	(47,408)	40,596	(29)	40,567
Total comprehensive loss for the year	-	-	-	(4,506)	(4,506)	(3)	(4,509)
Issue of capital	370	36,657	-	-	37,027	-	37,027
Issue costs	-	(374)	-	-	(374)	-	(374)
Share options exercised	14	-	-	-	14	-	14
Transfer on exercise of options	-	1,514	(1,514)	-	-	-	-
Conversion of loan and interest	243	24,015	-	-	24,258	-	24,258
Share based payments	-	-	342	-	342	-	342
Balance as at 31 December 2016	**1,019**	**142,434**	**5,818**	**(51,914)**	**97,357**	**(32)**	**97,325**

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 and amounts transferred from the share based payment reserve on exercise of options
Share based payments reserve	Reserve in respect of share based payments, net of amounts transferred to share premium on exercise of options
Retained losses	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income
Non-controlling interest	Represents a 30 % shareholding in Toro Gold Gabon Limited and Toro Gold Gabon SARL

The notes on pages 9 to 31 of the Appendix.

Notes to the consolidated financial information

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.

2 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. This financial information has 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 2016 are reflected in this financial information.

The preparation of financial information 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 information, 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 2016. 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 (2012 - 2014 Cycle)	1 Jan 2016	No impact
IAS1 – Presentation of Financial Statements	1 Jan 2016	No impact
IFRS 10, IFRS 12, IAS 28 – Investment Entities	1 Jan 2016	No impact
IAS 16 and IAS 38 – Depreciation and Amortisation	1 Jan 2016	No impact
IFRS 11 – Joint Operations	1 Jan 2016	No impact
IAS 27 - Separate Financial Statements	1 Jan 2016	No impact

Accounting policies (continued)

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

Standard	Description	Effective date
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 15	Revenue from Contracts with Customers	1 Jan 2018
IFRS 16	Leases	1 Jan 2019*
IAS 12	Amendment – Recognition of deferred tax assets for unrealised losses	1 Jan 2017
IAS 7	Amendment – Disclosure initiative	1 Jan 2017
IFRS 2	Amendment – Classification and measurement of share based payment transactions	1 Jan 2018

**Not yet been endorsed by the European Union at the date that this financial information was approved and authorised for issue by the Board.*

IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognize revenue and how much revenue to recognize. The core principle is that an entity recognizes revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management anticipate commencing gold sales in 2018 and are in the process of assessing the impact of this standard.

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on-balance sheet model. Under the new standard, a lessee is required to recognize all lease assets and liabilities on the balance sheet; recognize amortization of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement. Management are currently assessing the impact of this standard as whilst there are no material operating leases in the Group it may be relevant to future operations once mining commences.

IFRS 9 "Financial instruments" addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Management are currently assessing the standard's full impact.

Going concern

The Group is constructing the Mako gold mine in Senegal and raised US$36.7m (net of costs) through an equity issue in 2016 and a further US$39.0m (net of costs) through an equity issue in May 2017 as part of the planned funding package. In January 2017, the Group entered into a US$40.0m Secured Bridge Finance Facility which is repayable at the earlier of 30 September 2017 and the first utilisation of a US$100.0m Project Term Loan Facility. In May 2017, the Group entered into the US$100.0m Project Term Loan Facility although draw down under this facility remains subject to satisfying conditions precedent under the facility agreement.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date the financial statements were approved which indicate that the Group will have sufficient funding to meet its liabilities as they fall due. However, this is dependent on the conditions precedent for the US$100m Project Term Loan Facility being satisfied or waived prior to 30 September 2017 to enable repayment of the Secured Bridge Finance Facility. In addition, the Group will require additional funding through debt or equity by Q1 2018 to meet its liabilities as they fall due until gold production is generating sufficient operating cash flows.

The Directors remain confident that the conditions precedent for the Project Term Loan Facility will be satisfied or waived by 30 September 2017 such that the Group can repay the Secured Bridge Facility by 30 September 2017 based on the nature of the conditions precedent and progress to date. Additionally, the Directors are confident that they can raise additional debt or equity by Q1 2018 based on funding options currently being progressed. Accordingly they are confident that the Group will continue as a going concern and have prepared the financial statements on that basis, however there can be no guarantee that these events will occur.

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

Should the Group be unable to satisfy the conditions precedent for the Project Term Loan Facility, receive waivers for such conditions precedent by 30 September 2017; and secure the required debt or equity by Q1 2018, it may not be able to realise the value of its assets and discharge its liabilities in the ordinary course of business.

These factors indicate the existence of a material uncertainty which may cast significant doubt about 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 unable 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 information presents 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.

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 (except for development costs in respect of assets under construction) 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 (in mining properties and development costs)	- 10 % per annum
Plant and equipment	- 25 % per annum
Vehicles	- 25 % per annum
Office equipment	- 25 % per annum

Where the economic benefit of assets is consumed but those assets are utilised on the Mako development project the depreciation is capitalised as part of development costs. 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.

Accounting policies (continued)

Mine property and development costs include exploration and evaluation costs transferred on development of an exploration property. Prior to reclassification, exploration and evaluation assets are assessed for impairment and any impairment loss is recognised immediately in the statement of comprehensive income. Mine development costs are not amortized during the development phase but are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, at least at each balance sheet date. A mining and development property is considered to be capable of operating in a manner intended by management when it commences commercial production. Upon commencement of commercial production a development property is transferred to a mining property and is depreciated on a unit-of-production basis

Impairment of assets

Intangible assets (exploration and evaluation costs)

Intangible exploration and appraisal assets are reviewed regularly for indicators of impairment following the guidance in IFRS 6 'Exploration for and Evaluation of Mineral Resources' and tested for impairment where such indicators exist.

In accordance with IFRS 6 the Group considers the following facts and circumstances in their assessment of whether the Group's exploration assets may be impaired:

- whether the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- whether substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- whether exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable deposits and the Group has decided to discontinue such activities in the specific area; and
- whether sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group, as a next step, perform an impairment test in accordance with the provisions of IAS 36. In such circumstances the aggregate carrying value of the mining exploration and assets is compared against the expected recoverable amount of the cash generating unit. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Property, plant and equipment

The carrying amounts of mine development costs and other property, plant and equipment 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 consolidated statement of total 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 consolidated statement of total 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 total 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.

Notes forming part of the financial statements for the year ended 31 December 2016 (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 total comprehensive income over the remaining vesting period.

Where the terms and conditions of awards are modified such that non-market based performance conditions are amended, the cumulative share based payment charges are adjusted in the year to reflect the revised assessment of the number of awards expected to vest and the associated vesting period.

Where equity instruments are granted to persons other than employees for goods received or services rendered, the consolidated statement of total 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, and derivative financial assets.

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.

Derivative financial assets are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of total comprehensive income. Fair value includes assessment of counterparty credit risk when significant.

Financial liabilities

Financial liabilities are classified into one of two categories, trade and other payables and other financial liabilities. Trade and other 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 total comprehensive income. The liability component of convertible debt is 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.

Transaction costs that are directly attributable to equity issues are recorded as a reduction in share premium.

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 qualifies as 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 total 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 total comprehensive income.

Accounting policies (continued)

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. Exploration and evaluation stage assets are generally not considered to meet the qualifying criteria. All other borrowing costs are charged to the consolidated statement of total comprehensive income, as incurred.

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 information 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 deductible 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 total 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 exploration and evaluation costs (note 12) until it is capable of determining whether its exploration efforts were successful and the project is capable of entering development and production, and such assets are assessed for indicators of impairment under IFRS 6 (see accounting policy note 2) to determine if there are conditions suggesting that the carrying amount may exceed the recoverable value thereof. This assessment involves judgement and included assessment of the Group's strategic plans, the progress and results of exploration activity in the year and the status of licences and remaining term to expiry amongst other factors. Certain licences expired during the period and subsequent to year end and applications have been submitted for renewal of the relevant licences which the Group expects to be approved in due course.

The carrying amount of capitalised exploration and evaluation costs as at 31 December 2016 was US$3,034,000 (2015: US$52,528,000).

Judgment was required regarding the point at which the Mako project previously held in exploration and evaluation costs was considered economically and technically feasible for development. This status was considered to have been achieved in the year following the receipt of an approved mining concession.

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

Mine development cost carrying values

The Group assessed the carrying value of property, plant and equipment, which substantially relates to the Mako project under development, for impairment. In forming its assessment, which required judgment, the Group considered the economic model to determine a recoverable value. The value in use assessment of the mine includes key estimates and judgments including gold price, ore reserves and future production, operating and capital costs and the risk adjusted discount rate. The economic model demonstrates significant headroom and is modelled at US$1,200 per oz gold price. A 15% change in gold prices would be required to reduce the net present value to the carrying value of the asset. In forming its conclusion that the asset is recoverable, the Directors considered the independent Competent Person's Report on the mineral reserves and resources, the economic model and the valuations implied by the equity funding received in the year.

Share-based payments

The Group determines the fair value of 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 note 21.

Deferred transaction costs

The Group had incurred US$2,086,000 of deferred transaction costs as at 31 December 2016 (2015: US$74,000) in respect of the Project Finance debt facilities disclosed in note 26. Judgment was required in recognising the costs as assets, however the treatment was considered appropriate given the expectation that the facility will be completed and drawn in 2017.

Fair value of financing instruments

The Group determines the fair value of financial instruments that are not quoted 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 note 19.

Judgement was required in determining the fair value of shares issued in lieu of fees as detailed in note 20.

4. Segment information

Toro is engaged in gold exploration and development, and information is presented mainly on a geographical basis to the Board of Directors and senior management for the purposes of resource allocation and the assessment of segment performance. The Group has three reportable segments comprising Senegal, Cote D'Ivoire and corporate activities.

31 December 2016	Senegal US $ '000	Cote D'Ivoire US $ '000	Corporate US $ '000	Total US $ '000
Other administrative expenses	-	-	(2,921)	(2,921)
Share based payments	-	-	(342)	(342)
Exploration costs expensed	-	-	(96)	(96)
Loss from operations	-	-	(3,359)	(3,359)
Finance income	-	-	638	638
Finance expense	-	-	(1,760)	(1,760)
Taxation expense	-	-	(28)	(28)
Loss after tax	-	-	(4,509)	(4,509)
Additions to non-current assets	48,423	1,909	-	50,332
Total assets	102,180	3,153	8,288	113,621
Total liabilities	(15,738)	(7)	(551)	(16,296)

31 December 2015	Senegal US $ '000	Cote D'Ivoire US $ '000	Corporate US $ '000	Total US $ '000
Other administrative expenses	-	-	(2,527)	(2,527)
Share based payments	-	-	(1,641)	(1,641)
Exploration costs expensed	-	-	(105)	(105)
Loss from operations	-	-	(4,273)	(4,273)
Finance income	-	-	104	104
Finance expense	-	-	(1,413)	(1,413)
Taxation expense	-	-	(20)	(20)
Loss after tax	-	-	(5,602)	(5,602)
Additions to non-current assets	12,014	1,112	-	13,126
Total assets	53,847	1,170	2,169	57,186
Total liabilities	(1,581)	(28)	(15,010)	(16,619)

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

5 Loss from operations

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
The loss from operations is stated after:		
Share based payments	**342**	1,641
Depreciation	**24**	34
Auditor's remuneration:		
- audit of the Group and subsidiary financial statements	**80**	74
- non-audit services	**50**	45

6 Employment costs

		Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
(a)	**Employment costs, including directors**		
	Wages and salaries	**5,043**	3,742
	Social security costs	**433**	402
	Share based payments	**342**	1,641
		5,818	5,785
	Less employment costs capitalised	**3,618**	2,666
	Net expense (including share based payments)	**2,200**	3,119

Included in staff costs are amounts which have been capitalised within property, plant and equipment and intangible assets – exploration and evaluation costs.

		Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
(b)	Key management remuneration		
	Wages and salaries	**1,746**	1,570
	Share based payments	**53**	1,292
		1,799	2,862

Key management comprises the directors and 3 (2015: 3) members of senior management across the parent and subsidiary companies.

7 Expenses by nature

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Wages and salaries, including directors	**1,649**	1,302
Social security costs	**209**	176
Administration services	**83**	95
Legal and professional fees	**149**	168
Travel and related costs	**95**	80
Loss on foreign exchange	**191**	172
Rent and rates	**181**	182
Communications	**85**	88
Other costs	**279**	264
Total	**2,921**	2,527

8 Finance income and expense

Finance Income

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Fair value gain on derivatives (see notes 15 and 19)	**638**	104
Total	**638**	104

Finance expense

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Interest and other finance expense (see note 18)	**1,760**	1,413
Total	**1,760**	1,413

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

9 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 Guernsey are also taxed at zero percent. The Group's subsidiary companies in Australia, Senegal and Gabon are taxed at 30 %. The Group's subsidiary in Mauritius is taxed at an effective rate of 3 %. 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 % (2015: 20.3 %, 2014: 21.5 %).

No taxable charge arose in the year in Senegal (2015: Nil).

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 2016 US$'000	Year ended 31 December 2015 US$'000
Loss on ordinary activities for the year before tax	**(4,481)**	(5,582)
Loss on ordinary activities for the year at the standard rate of corporation tax in Guernsey of 0 % (2015: 0 %)	-	-
Difference in overseas tax rates of 20 % (2015: 20.3 %)	**26**	19
Disallowable expenses	**2**	2
Difference between capital allowances and depreciation	**-**	1
Adjustments in respect of previous year	**-**	(2)
Total taxation charge	**28**	20

The Company had tax losses carried forward on which no deferred tax asset is recognised. Deferred tax assets were not recognised as there is insufficient certainty regarding the timing of future profits against which these assets could be utilised.

10 Loss per share

Basic and diluted loss per share is calculated as follows:

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Loss attributable to owners of the parent (US$'000)	**(4,506)**	(5,598)
Weighted average number of ordinary shares in issue (in thousands)	**43,414**	24,050
Basic/diluted loss per share (US$)	**(0.10)**	(0.23)

Potentially dilutive share awards are detailed in note 21, however these do not have any dilutive impact as the Group reported losses for the years ended 31 December 2016 and 31 December 2015.

11 Property, plant and equipment

	Mine property and development US$'000	Machinery and other equipment US$'000	Vehicles US$'000	Total US$'000
Cost				
At 1 January 2015	**655**	**805**	**679**	**2,139**
Additions	267	1,015	109	1,391
At 31 December 2015	**922**	**1,820**	**788**	**3,530**
Additions	37,992	335	392	38,719
Transfers	61,014	93	-	61,107
At 31 December 2016	**99,928**	**2,248**	**1,180**	**103,356**
Depreciation				
At 1 January 2015	**111**	**521**	**466**	**1,098**
Charge	65	146	131	342
At 31 December 2015	**176**	**667**	**597**	**1,440**
Charge	89	358	135	582
At 31 December 2016	**265**	**1,025**	**732**	**2,022**
Net book value				
At 31 December 2016	**99,663**	**1,223**	**448**	**101,334**
At 31 December 2015	**746**	**1,153**	**191**	**2,090**
At 31 December 2014	**544**	**284**	**213**	**1,041**

Net book value of assets under construction at 31 December 2016 is US$98,992,000 (2015: US$339,000) including amounts transferred from deferred exploration and evaluation costs in 2016. Assets under construction are not being depreciated.

Deferred exploration and evaluation costs of US$61,107,000 were transferred to property, plant and equipment during 2016 (refer note 12) in respect of the Mako project. For the year ended 31 December 2016 US$558,000 (2015: US$308,000) of the depreciation charge has been capitalised within mine property and development.

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

12 Intangible assets

	Exploration and evaluation costs US$'000
Cost	
At 1 January 2015	**40,793**
Additions during the year	11,735
At 31 December 2015	**52,528**
Additions during the year	11,613
Transfers	(61,107)
At 31 December 2016	**3,034**

Additions in 2016 and 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 at 31 December 2016 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 existing equity shareholding resulting from existing milestones being achieved and the opportunity to acquire further equity holdings in PDI's Cote d'Ivoire subsidiary on completion of further milestones. The Group bears the costs associated with reaching certain of the milestones, after which PDI can elect to provide funding in proportion to its equity interest at that time or the Group will continue to fund the project in return for additional equity. As such, the Group recognises its costs incurred on the exploration project.

Exploration and evaluation costs amounting to U$96,000 were expensed during the year (2015: US$105,000). These related to expenditures on projects considered to be of no further commercial value to the Group.

Following the Board's assessment of the feasibility of the Mako project and decision to proceed to development, and the receipt of the necessary permits, including the award of the Mining Concession in July 2016, deferred exploration and evaluation costs of US$61,107,000 were transferred to property, plant and equipment.

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 2016 (2015: Nil).

13 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 2016, 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 Equatorial Limited a company incorporated in Guernsey	Ordinary shares	100 %	Exploration 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
Petowal Mining Company S.A a company incorporated in Senegal	Ordinary shares	100 %	Mining company
Toro Gold Pty Limited a company incorporated in Australia	Ordinary shares	100 %	Services company
Predictive Discovery CI SARL a company incorporated in Cote D'Ivoire	Ordinary shares	51 %	Exploration company

The Mako project assets and liabilities in Senegal were held by Mako Exploration Company S.A. in 2016 and have been transferred to Petowal Mining Company S.A. in 2017.

14 Other receivables

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Deferred finance transaction costs (note 3)	**2,086**	74
Prepayments	**134**	162
Other receivables	**147**	29
	2,367	265

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

15 Derivative financial assets

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Assets at fair value through profit and loss	2,138	-
	2,138	-

Derivative financial assets of US$2,138,000 at 31 December 2016 represent the fair value of put options purchased by the Company in November 2016 as part of a gold price hedging strategy. The Company paid a premium of US$1.5 million for 31,490 ounces of gold at a strike price of US$1, 100 per ounce with maturities ranging from March 2018 to December 2018.

The fair value gain on the derivative financial asset during the year ended 31 December 2016 was US$638,000 (2015: Nil). Potential sensitivity of results to changes in gold prices exists as the fair value of the derivative financial asset is impacted by changes in gold prices. Gold prices decreased from the inception date to 31 December 2016 by 11 % and the associated derivative financial assets increased in fair value by 29 %. The fair value was determined based on valuations provided by the counterparty.

16 Cash and cash equivalents

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Analysis by currency		
Euro balance	**1,011**	699
Sterling balance	**673**	609
US Dollar balance	**2,096**	435
CFA Franc balance	**766**	246
Australian Dollar balance	**202**	314
	4,748	2,303

17 Trade and other payables

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Trade payables	**14,819**	1,257
Accruals	**1,446**	668
	16,265	1,925

17 Trade and other payables (continued)

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
CFA Franc balance	**3,716**	692
British Pound Sterling (GBP)	**441**	234
United States Dollars (USD)	**10,165**	254
Euro (EUR)	**21**	7
Australian Dollar (AUD)	**1,922**	738
	16,265	1,925

Included within trade and other payables is US$15,751,000 (2015: US$1,623,000) in respect of capital expenditure items which are included in note 11 and 12 but adjusted when recognizing cash payments in the consolidated statement of cash flows. All trade payables are due for payment within 30 days. Trade payables and accruals arise in different currency amounts, as set out above.

18 Other financial liabilities

(a) Derivative financial liabilities

The Company granted a total of 2,644,397 warrants to subscribers 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 were 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 comprehensive income.

There was no fair value gain during the year ended 31 December 2016 (2015: US$104,000).

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

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

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

18 Other financial liabilities (continued)

(b) Short-term loans

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Convertible debt	-	**14,670**
	-	**14,670**

2015

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. The Lenders had the option to convert the loan into new ordinary shares under certain conversion events at conversion prices dependent on the conversion event.

The Lenders could 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 would not result in the Company issuing a fixed number of its equity shares for a fixed amount of cash therefore the conversion option qualified as an embedded derivative liability. At inception and at 31 December 2015, management believed, based on all available information, that the most probable event would 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.

2016

In February 2016 the Convertible Bridge Loan was increased from US$15 million to US$25 million on existing terms with maturity extended from 4 June 2016 to 5 August 2016. On maturity the Company repaid US$2 million of the loan (plus interest) in cash and the remaining US$23 million (plus interest) was converted into equity. Refer to note 20 for details

Interest and other finance expense on the convertible debt during the year ended 31 December 2016 was US$1,760,000 (2015: US$1,413,000) reflecting the coupon interest rate and previously unamortised transaction costs.

19 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 this financial information.

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:

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Loans and receivables at amortised cost		
Trade and other receivables	**147**	29
Cash and cash equivalents	**4,748**	2,303
Financial assets at fair value through profit or loss		
Derivative financial assets	**2,138**	-
Financial liabilities held at amortised cost		
Trade and other payables	**16,265**	1,925
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 2016 (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 CFA, Sterling, US Dollars, Euros or Australian Dollars. Trade and other payables by currency are set out in note 17. The impact of a 10% favourable movement in the US dollar would result in a foreign exchange gain of approximately US$555,000 and a 10% adverse movement would result in a corresponding loss. Cash balances by currency as at 31 December 2016 are set out in note 16. The impact of a 10% favourable movement in the US Dollar would lead to a foreign exchange gain of approximately US$265,000, 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 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 financial instruments carried at amortised cost with a maturity of less than one year approximates to their book values.

Financial Instruments Hierarchy

Derivative financial assets and liabilities are measured at fair value on initial recognition and then subsequently re-measured at fair value by reference to valuation models and the probability of outcome scenarios and categorised as level 3 measurements:

- 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 measurements:

Derivative financial assets	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
At inception	**1,500**	-
Fair value adjustment (note 8)	**638**	-
	2,138	-

Financial Instruments Hierarchy (continued)

Derivative financial liabilities	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
At 1 January	-	104
Fair value adjustment (note 8)	-	(104)
	-	-

The fair value of the derivative financial asset on gold options is based on the valuation provided by the instrument's counterparty.

The fair value of the embedded derivatives on the convertible loan notes in note 18 was 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.

The fair value gain of US$104,000 in 2015 related to the warrants held at fair value through profit and loss which expired in 2015.

20 Share capital

As at 31 December 2016, the total issued share capital of Toro Gold is comprised of 71,736,206 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 1 January 2015	**23,812,578**	**381**	**79,504**	**79,885**
Shares issued for loan fees and interest conversion	745,762	11	1,118	1,129
At 31 December 2015	**24,558,340**	**392**	**80,622**	**81,014**
Issue of capital, net of issue costs	27,840,048	370	36,283	36,653
Shares issued for loan and interest conversion	18,222,318	243	24,015	24,258
Shares issued on exercise of options	1,115,500	14	-	14
Transfer on exercise of share options	-	-	1,514	1,514
At 31 December 2016	**71,736,206**	**1,019**	**142,434**	**143,443**

In August 2016, Toro Gold Limited completed a private placement of 27,840,048 ordinary shares at £1.00 per share for net cash proceeds of US$36,653,000. The Company also issued a total of 18,222,318 shares at £1.00 per share to Resource Capital Funds (RCF) and Tembo Capital on conversion of the principal and interest on the US$23 million Convertible Bridge Loan entered into in June 2015.

Toro issued 1,115,500 shares at £0.01 for options exercised during the year. US$1,514,000 of cumulative share based payment reserve in respect of these options was reclassified to share premium on exercise of the options.

The Company issued a total of 745,762 shares during 2015 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 at that time 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 2016 there were options and warrants in issue over 4,410,500 (2015: 2,109,000) shares.

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

21 Share based payments

(a) Share Options

In 2012 the Company continued to operate the 'Toro Gold Option Plan (established in 2009). The Plan gives the Directors discretion to grant options up to a maximum of 10 % of the Company's issued share capital and provides that the exercise price to be not less than the Market Value at the date of grant. No option shall be exercisable before the expiration of six months from the date of grant when half of the share options become exercisable with the remainder of the share options becoming exercisable after twelve months. No option is exercisable more than five years after the date of grant. 285,000 options at an exercise price of £3.75 per share were granted in February 2012 and 120,000 options at an exercise price of £4.75 per share were granted in November 2012 under the scheme. 227,000 of the options granted in February and 80,000 of the options granted in November were cancelled in 2014.

In April 2014 the Company implemented a scheme that awarded share options to certain directors and employees of the Company. These equity settled options have an exercise price of £0 .01p per share and vest on completion of certain non-market performance conditions as determined by the Board, and are capable of being exercised up to 10 years from grant. The options carried no market performance conditions. 130,000 options were granted under the scheme in the year ended 31 December 2016 (2015: Nil) and 1,115,500 options issued under the scheme were exercised during the year (2015: Nil).

In February 2015, the Company granted 500,000 equity settled options to Tembo Capital for advisory services. The options have an exercise price of £1.50 per share and 200,000 have vested as at 31 December 2016. The profit and loss charges were determined based on the fair value of the equity instrument as the fair value of the services could not readily be determined.

In November 2016 the Company implemented an employee incentive scheme that awarded share options to certain directors and employees of the Company. The equity settled options have an exercise price of £0 .05p per share and vest on completion of certain non-market performance conditions as determined by the Board, and are capable of being exercised up to 10 years from grant. There are no market performance conditions. 3,083,000 options were granted under the scheme in the year ended 31 December 2016 (2015: Nil).

In total, the Company granted 3,213,000 options during the year ended 31 December 2016 (2015: 500,000) and 1,115,500 options were exercised (2015: Nil). 96,000 options expired during the year (2015: 44,222).

At 31 December 2016 a total of 4,385,500 (2015: 2,384,000) options were outstanding of which 298,000 (2015: 985,500) were exercisable. The weighted average remaining contractual life of the options in issue as at 31 December 2016 was 8.45 years with a range of exercise prices from £0 .01 to £4 .75 .

Options outstanding were valued at grant date 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 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
July 2016	£1.00	£0.01	64 %	3 years	0.22 %	0 %	£0.89
November 2016	£1.00	£0.05	64 %	5 years	0.68 %	0 %	£0.86

Judgment was required in determining the Company's share price, the volatility rate and expected life of the options. In respect of the grants in 2016 the share price was determined with reference to equity placings for cash. In 2015 the share price was determined at that time to be £1 per share with reference to recent share issues for cash and the proposed equity investment to fund the Mako project. Volatility rates were determined with reference to listed peer companies and the expected life was estimated by management. Judgment was required in assessing the number of options expected to vest, based on progress against non-market performance conditions.

(b) Warrants

The Company did not issue any warrants during 2016 (2015: Nil) and no warrants were exercised (2015: Nil). No warrants lapsed during the year (2015: 2,644,397).

As at 31 December 2016 a total of 25,000 (2015: 25,000) warrants were outstanding and exercisable. The weighted average remaining contractual life of the warrants in issue as at 31 December 2016 was 0.12 years with an exercise price of £3.00.

Outstanding warrants as at 31 December 2016 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

22 Material non cash transactions

	As at 31 December 2016 US$'000	As at 31 December 2015 US$'000
Financing activities:		
Convertible Bridge Loan converted into shares	**23,000**	-
Loan fees and interest converted into shares	**1,258**	1,129
	24,258	1,129

23 Contingent liabilities and commitments

As at 31 December 2016, the Group had capital commitments of US$65,589,000 (2015: US$105,000). The Group had no contingent liabilities.

24 Commitments under operating leases

As at 31 December 2016, the Group had commitments under non-cancellable operating leases as set out below:

	Land and buildings 2016 US$'000	Land and buildings 2015 US$'000
Payments due:		
Within one year	**116**	138
In two to five years	**-**	138
	116	276

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

25 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$83,000 (2015: US$95,000) of which US$21,000 was outstanding at the year end and paid in January 2017.

PilotHole Pty Limited (PilotHole) is a company where Martin Reed is a Director. During the year ended 31 December 2016, PilotHole received US$17,000 (2015: Nil) for consultancy services provided to the Company.

Refer to notes 18 and 20 for financing transactions with shareholders including participation in the private placing, conversion and repayment of loan notes.

Refer to note 5 for key management remuneration.

26 Events after the reporting date

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

(i) 30 September 2017; and

(ii) The first utilisation of the US$100 million Project Finance facility with Taurus.

In May 2017 the Group entered into a US$100million Project Term Loan Facility with Taurus in respect of the construction of the Petowal Gold Mine in Senegal. The key terms of the Loan are as follows:

- Interest is fixed at 9% per annum with interest paid quarterly in arrears;
- Loan is repayable in eight semi-annual instalments commencing 30 September 2018 and ending 31 March 2022;
- First draw down under the Facility is subject to the satisfaction of certain conditions precedent.

Also in May 2017 the Company as part of the overall funding for the construction of the Petowal Gold Mine, raised US$40million before issue costs through the issue of 31 million new ordinary shares in the Company at a price of £1(US$1.25) per share to QG Africa Mining LP.

TORO
GOLD

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