

# TOE.AU

11 December 2007  
 Uranium  
 Australia (SA, NT, WA), Namibia, Guinea, Morocco  
 Advanced Exploration/Resource Definition  
 Exchanges: ASX:TOE

## Toro Energy Limited

A\$ 0.50

**TOE is targeting uranium production at two projects by 2012: Wiluna (WA, PFS expected 1H08) and Napperby (NT). Solid project pipeline - drilling underway at 6 projects globally 4Q07-1Q08. Merger with Nova Energy (ASX:NEL) completed Nov. '07.**

### Capital Profile

Share price (A\$)	0.50
52 week range (A\$/share)	0.42 to 1.36
Number of shares (m)	482
Options and warrants (m)	13
Convertible notes (m)	0
Fully diluted (m)	495
Market capitalisation (undiluted) (A\$m)	241.1
Debt (A\$m) - Dec 07F	0.0
Enterprise value (A\$m)	241.1
Major shareholders: Oxiana Ltd (47.19%), Minotaur Exploration Ltd (7.3%)	
Avg monthly volume (m)	16
Cash (A\$m) - Dec 07F	17.4
Price/Cash (x)	13.9
Price/Book (x)	1.8
Company options:	No

### Production and Financial Forecasts

YEAR END: June	Sep-07a	Dec-07F	2006a	2007a	2008F
Exploration and evaluation (A\$m)	1.05	1.90	0.49	2.36	8.00
Corporate (A\$m)	0.79	0.65	0.67	2.26	2.50
Exploration/(Expl.+ Corporate) (%)	57	75	42	51	76
Funding duration at current burn (years)			13.7	2.5	1.1
Shares on issue (pr end) (m shares)	148.6	482.1	145.5	145.5	482.1
Drilling - RAB (m)	5,000	7,500	0	10,000	25,000
Drilling - Other/Diamond (m)	0	1,500	0	0	6,500
Land holding ('000 ha)*	2,600	4,400	0	2,600	4,400
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.0	0.0	18.0	0.0	0.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	9.9	17.4	15.9	11.7	11.2
Cash backing (Ac/share)	6.7	3.6	10.9	8.1	2.3
Net asset backing (Ac/share)	22.1	27.9	24.0	22.9	27.7

\*Uranium prospective tenements only, both held and under application.

### Investment Points

100% uranium focus. 2008 expl. + eval. budget \$8m.

NEL merger has increased geographic, project and exploration diversification across Australia and Africa.

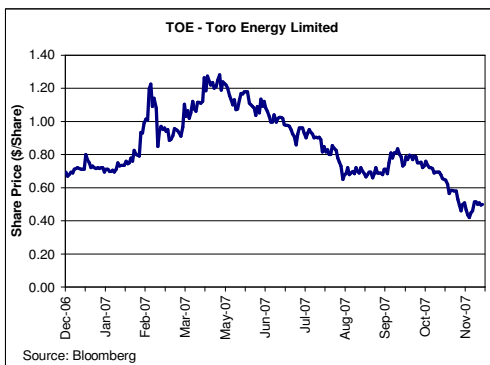
Significant resource upside potential at Napperby to 6kt (13.2mlbs) U<sub>3</sub>O<sub>8</sub> and Wiluna to ~13kt (29mlbs) U<sub>3</sub>O<sub>8</sub>.

Well positioned greenfield portfolio - particularly Namibia, NT and SA. Leverage to OXR's IOCG(U) drilling program 4Q07-08 (A\$3m to A\$6m budget).

Drilling 4Q07-1Q08 at 6 projects: Napperby (NT), Wiluna (WA), Namibia, Labyrinth (SA), Grass Patch (WA) and Mt Woods (OXR, SA).

JOGMEC/MEP/TOE JV announced 4Q07 to explore MEP's IOCGU tenements near Olympic Dam.

TOE continues to build on already considerable uranium management experience and depth.



### Company Comment

**Overview:** Toro Energy listed on the ASX in March 2006 with uranium access rights to properties held 100% by Minotaur (ASX:MEP) and 100% by Oxiana (ASX:OXR, excluding Prominent Hill) in the uranium prospective Gawler and Curnamona Cratons (SA). TOE moved to compulsory acquisition of NEL 5 Nov. '07. The scrip bid valued NEL at A\$276m compared to the market capitalisation pre-announcement (Aug.) of A\$232m.

**Wiluna Uranium:** (WA) **Lake Way and Centipede** uranium deposits located near Wiluna, post merger will be TOE's most advanced assets. A pre-feasibility study (GRD Minproc, Golder Associates) is expected 1Q08 with a JORC restatement expected 1Q08 likely to reflect the high grade lens at Centipede, a remodelled resource, and a lower cut-off grade (~200ppm). There is potential to add another 3kt to 4kt of uranium resources to the current resource (9kt, 19.8mlbs U<sub>3</sub>O<sub>8</sub>). As part of the study, TOE trialled a continuous mining machine and is evaluating RIP uranium recovery (ANSTO test work). The scoping study (GRD Minproc) estimated opex: US\$21/lb U<sub>3</sub>O<sub>8</sub> (US\$23/t); capex: US\$120m.

**Napperby Project (New Well, NT):** 150km northwest of Alice Springs was the subject of an open pit pre-feasibility study by Uranerz in the '70's. Leases cover 150km of prospective channel most of which has never been drilled. The historic resource (6kt U<sub>3</sub>O<sub>8</sub>) occurs along parts of a 14km strike. Drilling 4Q07, 380 holes x 10m (3,800m over 2.2km<sup>2</sup>) - augur and sonic drilling. Production potential 2012.

**Namibia** (3 leases, ~130,000ha): 3 early stage exploration projects in one of the world's premium emerging uranium districts. **Gawib West** has potential to extend the Langer Heinrich channel.

**Basement Projects:** (SA) TOE has uranium rights to OXR's regional IOCG(U) exploration program. OXR plans to dedicate 1.5 drill rigs to the region for 18 months from 2H07 - anticipated budget is A\$3m to A\$6m - 14 hole program underway. TOE is also down hole radiometric logging at **Mt Woods**.

**SA Palaeochannel Exploration:** Large strategic palaeochannel position (26,000km<sup>2</sup>) with highly targeted drilling planned 2H07 (15,000m) at Warrior, Grass Patch, Kingoonya, and Yaninee. **Warrior** results 3Q07 include anomalous assay results up to 0.09% U<sub>3</sub>O<sub>8</sub> and mineralisation thickness up to 7m.

**Investment Comment:** TOE's management and pedigree origins are creating a pipeline of prospective development and exploration opportunities through organic project generation and acquisition. The company offers leverage to the uranium price through advanced stage projects at Wiluna and Napperby and potential for early drilling success at well located greenfields projects in Namibia, basement and palaeochannel projects in SA, Esperance (WA) and Guinea (intercepts up to 4% U<sub>3</sub>O<sub>8</sub>, drilling 1H08). At A\$0.50/share (A\$242m) TOE is trading near its 12 month low and appears oversold - a buying opportunity for strategic and long term investors.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)						
Uranium	Classification	Project	Ore	U <sub>3</sub> O <sub>8</sub>	Cut Off	U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub>	Eqty
U <sub>3</sub> O <sub>8</sub>		Equity	Mt	%	ppm	Kt	Mlb	Mlb
<b>Reserves</b>						<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Resources</b>								
Wiluna uranium	Inferred	100%	15.5	0.058	300	9.0	19.8	19.8
Napperby	Inferred	0/100%	1.90	0.036	200	0.67	1.5	1.5
<b>Mineralised Material</b> (est., non compliant with JORC, inclusive of the Napperby Inferred Resource)								
Napperby	Historic	0/100%	27.0	0.037		6.0	13.2	13.2
Warrior	Historic	0/11%*	11.8	0.034		4.0	8.8	1.0
Warrior	Historic	0/60%*						5.3
						<b>10.0</b>	<b>22.0</b>	<b>19.5</b>

\*RNG tenements cover approximately 15% and SRZ tenements cover approximately 85% of the historic Warrior deposit.

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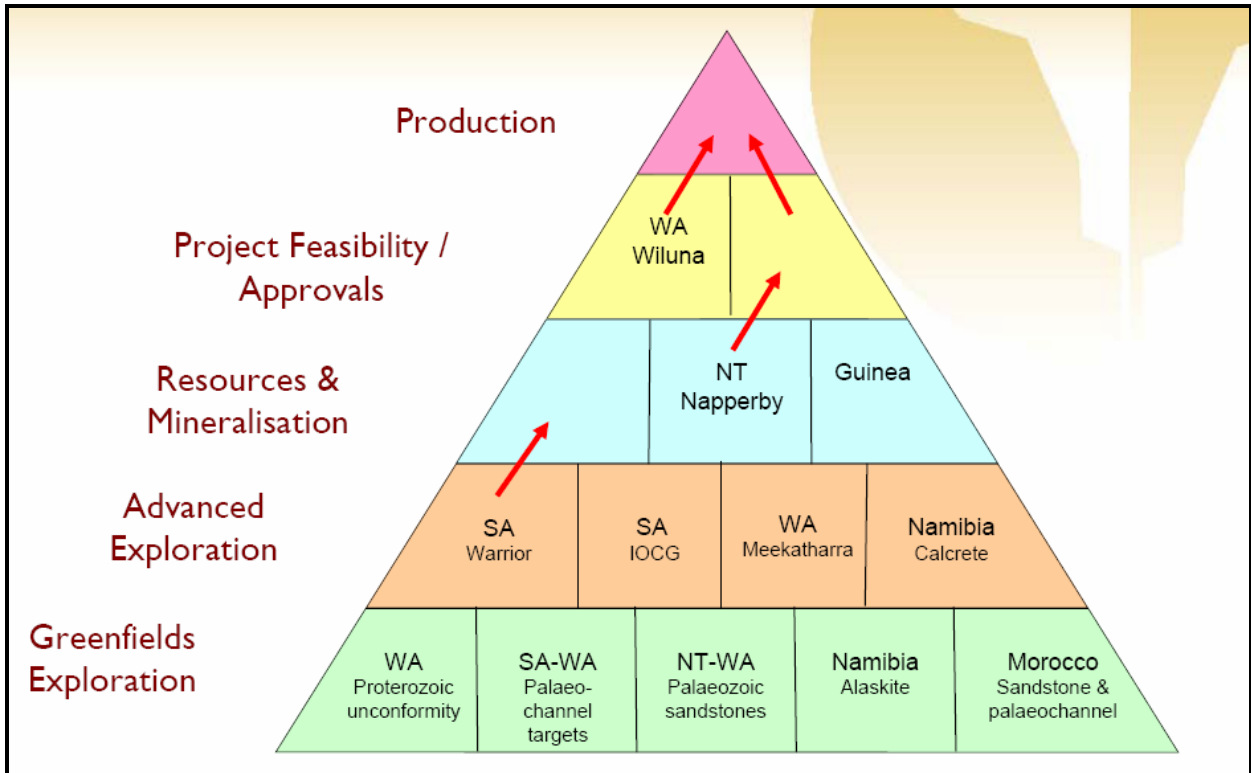
### Directors

I. Gould (Non Ex. Ch'man)  
 G. Hall (MD)  
 T. Sugden (Non Exec Dir)  
 D. Carter (Non Exec Dir)  
 J. Sells (Non Exec Dir)  
 E. Smyth (Non Exec Dir)  
 P. Lester (Non Exec Dir)

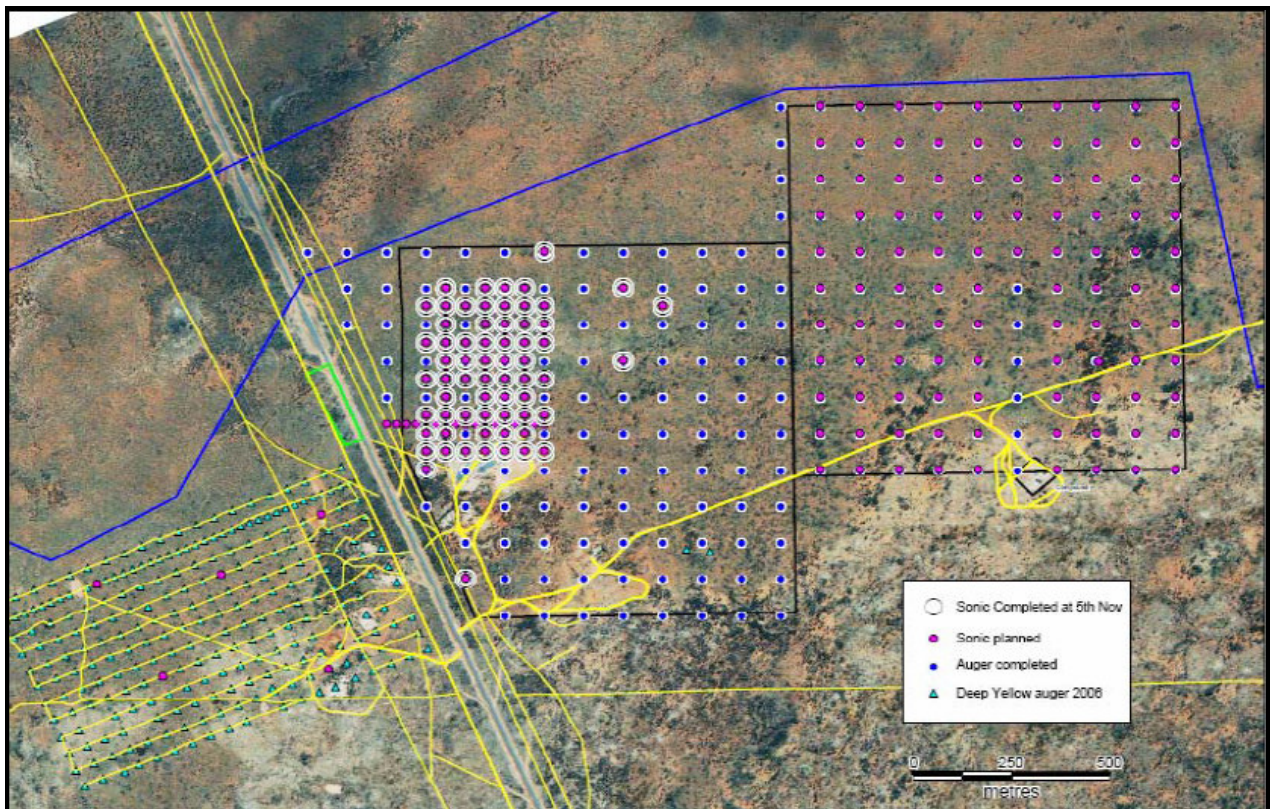
### Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Lake Way + Centipede	100%	U (V)	none	Calcrete	Alk. Leach	Adv. Expl.	Aus (WA)
Napperby (New Well)	0/100%	U	DYL	Calcrete	alk. Leach	Adv. Expl.	Aus (NT)
Taroola JV (Warrior)	0/75%	U	RNG	Sandstone	na	Mid. Expl.	Aus (SA)
Stellar JV (Warrior)	0/51/70%	U	SRZ	Sandstone	na	Mid. Expl.	Aus (SA)
Lake Mackay	100%	U	none	Unc+S'stone	na	Early Expl.	Aus (WA)
Namibia	100%	U	none	Calc/Alsk	na	Early Expl.	Namibia
Guinea	100%	U	none	Sandstone	na	Mid Expl.	Guinea

TOE has a deep project pipeline of early through advanced-stage projects. Aim is to advance Wiluna (WA) and Napperby (NT) to development stage. Other growth opportunities include exploration projects in Australia (WA, SA, NT) and Africa (Namibia, Guinea and Morocco). Drilling 6 projects 4Q07-1Q08.



Napperby uranium project (NT) has an historic resource of 6kt U<sub>3</sub>O<sub>8</sub> (13.2mlbs). This is expected to be upgraded to JORC status in 2008 - drilling 4Q07 (3,800m, 2.2km<sup>2</sup>). Greenfield potential exists to the west.



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