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W.A. URANIUM PROJECT ECONOMICALLY VIALE AT LONG-TERM PRICES – NEW STUDY

Mining and processing of one of Western Australia's leading uranium deposits would be economic at current long-term uranium prices of around US\$80 per pound U₃O₈, according to results of a pre-feasibility study released today.

Project owner, Adelaide-based Toro Energy Limited (ASX "TOE"), says the findings are a significant breakthrough for its 100% owned Lake Way – Centipede project adjacent the Wiluna gold mine in WA.

"With the change in political sentiment to uranium mining in Western Australia as a result of the recent election, the findings of this pre-feasibility study provide further considerable encouragement," Toro's Managing Director, Mr Greg Hall, said today.

"We are pressing ahead immediately with a project optimisation study identified during the prefeasibility process to ensure Toro is in a position towards the middle of next year to consider a possible bankable feasibility study for Wiluna," Mr Hall said.

"The findings, and their availability so soon after the change in political climate, also cement Lake Way – Centipede among the top five most likely project contenders in Western Australia to move more transparently and realistically along a pathway to commercial fruition," he said.

"Strategically, the study did identify significant opportunity to upgrade the project's economics through relatively small increases in grade and metal recovery rates and this will be the focus of the optimisation study."

Two preferred process routes have been selected for the optimisation study.

Four mining and processing options assessed

Mr Hall said Toro was targeting first production via shallow surface strip mining from Wiluna by around 2012.

The pre-feasibility study assessed four mining and processing options after Toro announcement in May this year a JORC-compliant Inferred and Indicated uranium resource at Wiluna.

The estimate is 25.8 million tonnes at an average grade of 420 parts per million for a contained metals resource of 10,835 tonnes or approximately 24 million pounds, at a cut-of grade of 200 parts per million.

On a projected mine life of between 10-12 years and a likely throughput of between 1.5 million tonnes and two million tonnes of ore a year, the study found the project would have cash costs of between US\$39-41/lb U₃O₈.

“As long-term uranium prices have moved from around US\$40 per pound early in 2006 to about US\$80 per pound today the economic dynamics of the Lake Way – Centipede resource become obvious,” Mr Hall said.

On the two preferred options, the study found it would cost between A\$196 million and A\$247 million to establish the mine and mill – but generate a Net Present Value of up to A\$78 million and, potentially, more than A\$166 million in the event of a successful optimisation study.

Metal recovery rates were robust, ranging from 70% for a heap leach operation to 83.8% for the conventional processing circuit.

Setting a national benchmark

Mr Hall said the Wiluna findings also set a floor in Australia’s modern era uranium sector.

“This is the first definitive study in 25 years in this country of uranium mineralisation styles hosted in calcrete,” Mr Hall said.

“With many proposed uranium exploration projects across Australia based on this style, we believe our study has set a realistic price and operational base.

“Our findings take into full account for example, the 58% increase this year just in steel prices so we are very confident in how to now match up the optimisation work, field tests, further metallurgical testing and further drilling, to take Wiluna forward over 2009.”

Mr Hall said that with the change of government in WA and the enhanced prospects now for Wiluna, Toro was also committed to implementing one of Australia’s most intensive and best practice community engagement schedules.

“This will include seeking very early talks with local communities, local traditional owners, local government and of course, the new State Government,” Mr Hall said.

[EDITORS’ NOTE: 1.0 kg/t = 1,000ppm = 0.1% U₃O₈]

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