

TOE.AU

Toro Energy Limited

A\$ 0.15

8 December 2009

Uranium

Australia (WA,NT,SA), Namibia
BFS, Scoping Study and Exploration
Exchanges: ASX:TOE

Toro's acquisition of the Firestrike ground is an important first step in increasing its Wiluna resource base (current 24mlb) - very beneficial to project economics. Toro is cashed up to drive Wiluna BFS, and increase exploration after Lake Mackay discovery.

Capital Profile

Share price (A\$)	0.15
52 week range (A\$/share)	0.09 to 0.29
Number of shares (m)	9658
Options and warrants (m)	16
Convertible notes (m)	0
Fully diluted (m)	981
Market capitalisation (undiluted) (A\$m)	139.9
Debt (A\$m) - Sep 09F	0.0
Enterprise value (A\$m)	139.9
Major shareholders: OZ Minerals Ltd (42.6%), ANZ Nominees (5.0%) Allarrow Pty Ltd (1.8%)	
Avg monthly volume (m)	81
Cash (A\$m) - Sep 09F	62.5
Price/Cash (x)	2.2
Price/Book (x)	1.6
Listed company options:	No

Production and Financial Forecasts

YEAR END: June	Sep-09a	Dec-09F	2009a	2010F	2011F
Exploration and evaluation (A\$m)	1.28	2.70	6.59	10.48	16.00
Corporate (A\$m)	0.83	1.10	2.50	3.93	4.40
Exploration/(Expl.+ Corporate) (%)	61	71	72	73	86
Funding duration at current burn (years)	8.8	16.4	1.0	3.9	1.9
Shares on issue (pr end) (m shares)	639.1	964.9	555.8	964.9	964.9
Drilling - RAB (m)	2,500	2,500	12,500	10,000	10,000
Drilling - Other/Diamond (m)	4,000	3,500	19,500	15,500	16,000
Land holding ('000 ha)*	4,329	4,329	3,799	4,329	4,329
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)**	12.5	48.5	12.2	61.0	0.0
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	18.5	62.5	8.9	55.7	37.8
Cash backing (Ac/share)	2.9	6.5	1.6	5.8	4.3
Net asset backing (Ac/share)	13.7	13.9	13.7	13.8	15.0

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

Investment Points

100% uranium focus. Expl. + eval. budget ~A\$10m pa,

Now cashed up (est. A\$63m Dec '09) after recent equity raisings, will fund Wiluna BFS, Wiluna resource expansion and exploration.

Wiluna (WA) optimisation study exceeded targets. Heap leach option 1.6mlbpa - capex A\$162m; opex A\$39.70/lb, head grades 653ppm.

Potential Wiluna production 2012. BFS underway, environmental referrals lodged.

TOE's strategy for Wiluna as a regional U resource hub kicked off with Firestrike acquisition.

~A\$4mpa exploration program starting to bear fruit - greenfields Lake Mackay palaeochannel discovery.

Current enterprise valuation (EV-cash) of US\$2.50/lb - resource (basis 31.8mlb).

Our assessed NAV is A\$0.21/share based on US\$65 long term U price, A\$/US\$=0.80.



Company Comment

Overview: TOE listed on the ASX in March 2006 and is a pacesetter in advancing calcrete style uranium projects in Australia, - Wiluna (WA) moving to BFS stage and Napperby (NT) scoping study.

Wiluna Optimisation Study: A PFS was completed Sep '08, followed by Optimisation Study ("OS") (GRD Minproc) released in Sep '09. The OS delivered improvements in all areas, particularly mined head grades increased to 653ppm (PFS was 472ppm), capex A\$162m (PFS A\$195m), opex A\$39.70/lb (PFS A\$53.90/lb), production 1.6mlbpa (PFS 1.5mlbpa). Mine life reduced to eight years with higher cut-off grade. Alkaline heap leach/direct precipitation route chosen. Heap leach recoveries are only ~70%.

Wiluna BFS: TOE has appointed a three member Project Management team and has started to further evaluate key project parameters for the BFS. A resource evaluation pit and a heap leach trial are planned early CY10. Referral documents for environmental approvals submitted. BFS should be completed 4Q10, Production target 2012/2013.

Wiluna Regional Resource Consolidation: The NPV of the Wiluna project (8 year mine life) is strongly geared to resource size - potential for TOE to increase its Wiluna resource base to >30mlb U₃O₈ in a 40km radius of Wiluna, with strategic acquisitions/alliances. Our modelling suggests this would increase project NPV by ~A\$50m (~6cps). This process has commenced with the acquisition of the Firestrike uranium discovery from Liberty Resources Ltd (ASX:LBY) for A\$1.0m (5m TOE shares @ A\$0.20/sh). See map next page. We consider that this deposit could add a further ~1 year (~1.5mlb) to Wiluna, a very cost effective acquisition. Expect further such developments in the next 12 months.

Napperby Project (NT): Scoping study being reviewed by TOE. DYL option payment due mid 2010.

Lake Mackay Discovery (WA): This remote greenfields exploration area (TOE holds 3,268km² near NT border) is TOE's best chance for a major 50-100mlb discovery. In the first pass wide spaced scout aircore drilling TOE has found a buried palaeochannel in a 2.5km open ended zone. A good start.

Other Exploration: Extensive greenfields/brownfields U exploration portfolio in SA, NT, WA and Namibia (~43,000km², budget ~A\$4mpa). **Cameco JV:** TOE has announced a new farm-in agreement with Cameco Australia (earning 50.1%) in the highly prospective Birrindudu Project in NE WA. **Namibia JV:** (DYL earning 65%) DYL actively exploring TOE's 3 Namibian tenements for continuation of uriferous magnetite discovery on DYL tenements and Rossing S alaskite mineralisation continuity. Drilling likely 2010. **Mount Woods (SA),** TOE has 100% U rights for tenements surrounding OZL's Prominent Hill operations. OZL actively exploring for Olympic Dam style IOCGU targets.

Corporate: Toe has recently raised a total of A\$61M (A\$39.9m share placement and well supported A\$21m SPP), all at A\$0.15/share. OZL maintained its 49.9% shareholding in the placement.

Investment Comment: TOE now has the funds to progress the Wiluna BFS and continue its value-enhancing acquisitive Wiluna regional resource base consolidation. After the discounted share issues is digested, further Wiluna resource acquisitions and an expected steady flow of positive exploration results, should see the share price re-rated back above A\$0.20.

Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Uranium	Classification	Project	Ore	U ₃ O ₈	Cut Off	U ₃ O ₈	U ₃ O ₈	Eqty
U ₃ O ₈		Equity	Mt	%	ppm	Kt	Mlb	Mlb
Reserves						0.0	0.0	0.0
Resources								
Wiluna: L. Way & C'pede Meas Ind & Inf.		100%	20.2	0.055	200	11.1	24.4	24.4
Napperby	Inferred	0/100%	9.34	0.036	200	3.35	7.4	7.4
Total Resources						14.42	31.8	31.8
Mineralised Material (est., non compliant with JORC, inclusive of the Napperby Inferred Resource)								
Napperby	Historic	0/100%	0.0	0.037		6.0	13.2	13.2
Total Mineralised (non JORC)						0.0	0.0	13.2

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Key Projects

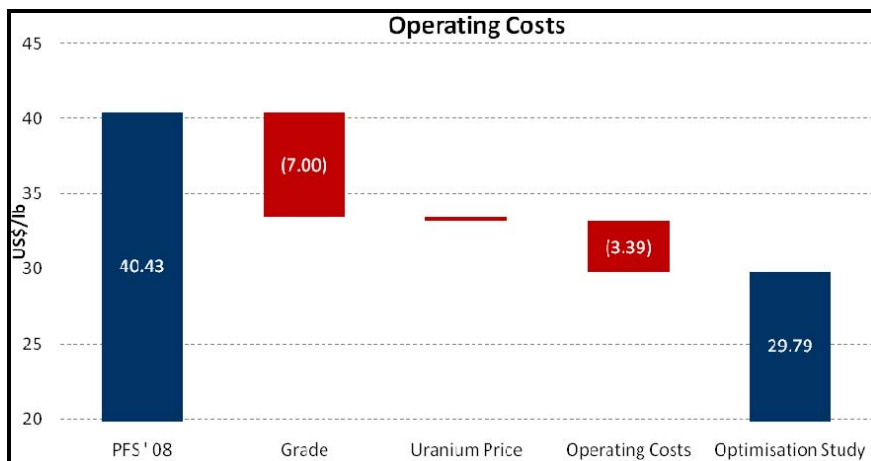
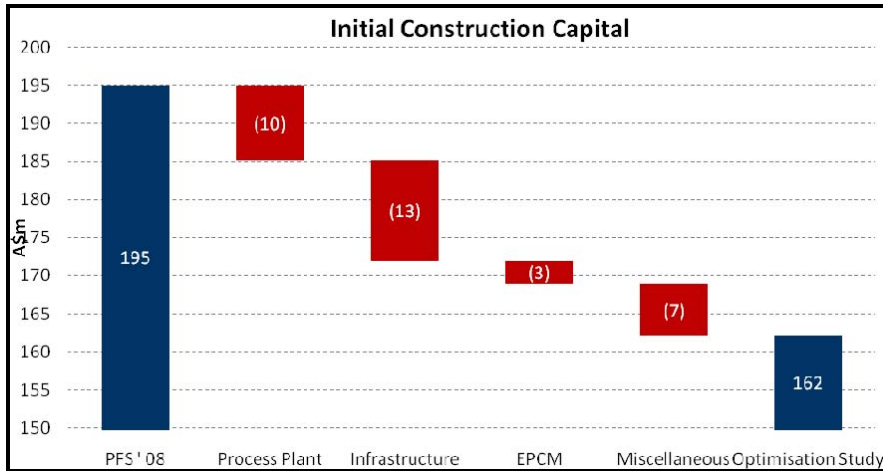
Project	Ownership/Option	Metal	JV / Partner	Target Type	Process Route	Project Status	Project Location
Wiluna	100%	U	none	Calcrete	Alk. Leach	BFS	Aus (WA)
Napperby	0/100%	U	DYL	Calcrete	Alk h/leach	Scoping	Aus (NT)
Namibia	100%/25%	U	DYL	Calc/Alask	na	Early Expl.	Namibia
Lake Mackay	100%	U	none	Palaeochannel	na	Early Expl.	Aus (WA)
Birrindudu	0/50.1%	U	Cameco	Unc+S'stone	na	Early Expl.	Aus (SA)
Mount Woods	100% U rights	U	OZL/MNT	IOCGU	na	Early Expl.	Aus (SA)

December Quarter, 2009

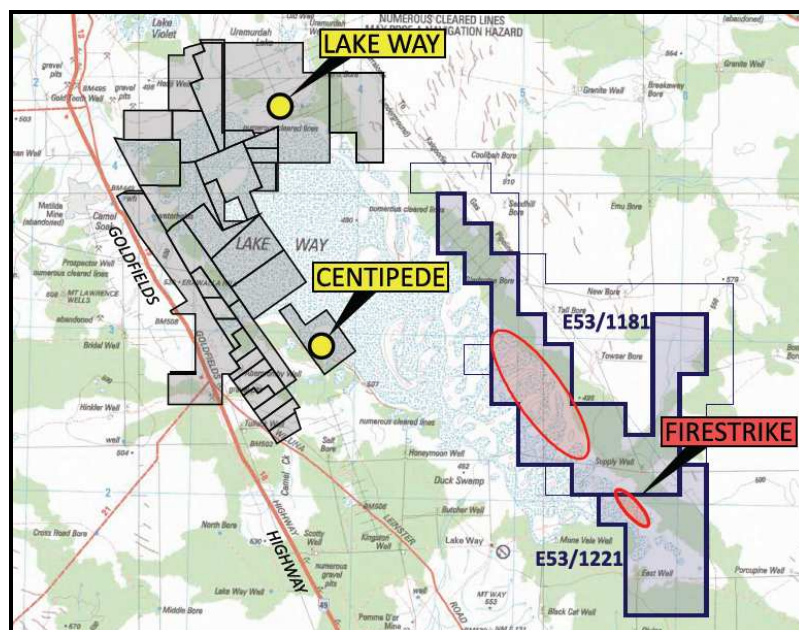
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The table below summarises key project improvements achieved in Toro’s optimisation study on the flagship Wiluna calcrete project. Noteworthy are grade increases leading to a major reduction in opex, and the heap leach option leading to significant capex reductions.



The most effective way for TOE to increase the NPV and strategic value of its Wiluna project is to acquire additional regional resources. The Firestrike Acquisition for A\$1m (potential 1.5mlb, 20km from Centipede resource) is a good first step – expect further developments.



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