



## **MEDIA RELEASE**

Thursday 1 July 2010

### **Toro in first offtake talks with potential overseas customers for uranium from WA Wiluna project**

The first round of talks have commenced with potential overseas buyers for the planned maiden deliveries from 2013 of uranium product from Toro Energy Limited's (ASX code: "TOE") Wiluna project in Western Australia.

Toro announced today that it had commenced a round of international offtake agreement talks with uranium marketers and energy utilities in both Japan and the United States.

Talks with potential customers in Europe, Korea and China, would follow shortly.

"In terms of development timetables, this is a remarkable achievement for such a young company," Toro's Chairman, Ms Erica Smyth, said today.

"It caps a strong year to 30 June of project milestones within what has been a challenging period but we continue to believe that the fundamentals of the global uranium market remain strong," Ms Smyth said.

"Expanding U<sub>3</sub>O<sub>8</sub> demand, difficult supply expansion in some countries, and a diminishing secondary supply market, are moving the industry broadly from one which was characterised by an inventory overhang and depressed uranium prices, to one where risks to supply are becoming more acute in an expanding global nuclear power market," she said.

"According to the World Nuclear Association, there are today 57 nuclear plants under construction (with 23 in China alone) and another 151 ordered or planned worldwide.

"This is why the long-term uranium price has been relatively stable at around US\$60/lb U<sub>3</sub>O<sub>8</sub> - a significant premium to the spot price and indicative of the price levels required to bring on new production such as proposed at Wiluna.

"This is important, as most long-term supply agreements to power utilities are written around the long-term price, not the spot price, as supply needs to be guaranteed."

Ms Smyth said the spot uranium price globally had continued to trade flat of recent times at around the US\$41/lb U<sub>3</sub>O<sub>8</sub> mark, exacerbated by global financial conditions, credit concerns in Europe and mixed economic signals out of the United States.

“Notwithstanding this difficult environment, and noting that we have commenced the new financial year with our first talks with potential customers, Toro remains well placed to emerge as one of Australia’s new breed of uranium developers and producers in just over two years from now,” Ms Smyth said.

“It does so from a very secure fiscal position, with more than A\$56 million in cash resources - a bank balance that augurs well for project development objectives in the near-term.”

Toro is currently preparing a full Environmental Review Management Plan for Wiluna for planned submission later this year, with public release scheduled for early in 2011

Significant metallurgical and process testwork continues on the Wiluna mineralisation and several first-pass tests and initial results have been received for larger-scale column test work and other chemical characterisation of the Wiluna deposit.

Two metallurgical process options, heap leach extraction and agitated tank leach processing, are also under assessment.

On-site operations have commenced at Wiluna to undertake a Resources Test Pit, with completion of the first stage of water barrier trials prior to excavation.

The test pit will provide a bulk sample for further pilot test work, and provide valuable in-situ geological and groundwater information to further define project parameters.

Ms Smyth said excavation over coming weeks of the resource test pit marked a strong 12-month period of achievement for Toro and Wiluna. These included:

- Completion of a major technical study, the Optimisation Study, for Wiluna
- This identified significant improvements to the financial parameters of the project and found that several development paths were viable at long-term uranium price forecasts
- The raising of approximately A\$60 million through placements to institutional investors, including OZ Minerals Ltd, and a Share Purchase Plan for shareholders
- Advances in government environmental approval processes for Wiluna, with public comment closing shortly on the new Environmental Scoping Document
- An expansion of Toro’s Wiluna district footprint through acquisition of the “Firestrike” discovery tenements just to the east of the Company’s Wiluna blocks
- Toro’s first greenfields uranium discovery, Theseus, at the Lake Mackay project in Western Australia.

**MEDIA CONTACT:**

Simon Mitchell	Toro Energy	08 8132 5600
Kevin Skinner	Field Public Relations	08 8234 9555 / 0414 822 631

Toro Energy is a modern Australian uranium company with progressive project development, acquisition and growth. The company is based in Adelaide, South Australia with a project office in Perth, Western Australia.

Toro's flagship and wholly-owned Wiluna uranium project (includes existing mining lease) is 30 kilometres southeast of Wiluna in Central Western Australia.

Wiluna contains two shallow calcrete deposits, Lake Way and Centipede, with prefeasibility and optimisation studies completed and a definitive feasibility study underway. Toro has commenced the Approvals process targeting the Company's first uranium production by late 2012/early 2013.

Toro has three other exploration and development projects in Western Australia, and owns uranium assets in Northern Territory, South Australia and in Namibia, Africa. Toro is well funded with a supportive major shareholder in OZ Minerals.

[www.toroenergy.com.au](http://www.toroenergy.com.au)