



Toro Energy

TOE AU /

Market Cap
US\$89.45m
A\$89.61m

Avg Daily Turnover
US\$0.11m
A\$0.11m

Free Float
60.0%
1,162 m shares

Current **A\$0.08**
Target **A\$0.10**
Previous Target **A\$**
Up/downside **25.0%**

SHORT TERM (3 MTH) LONG TERM
TRADING BUY **OUTPERFORM**
TRADING SELL **NEUTRAL**
UNDERPERFORM

Important: The recommendation has been made on a 12 month view and may not suit your investment needs or timeframe. The basis it is prepared on is summarised on the last page of this report. **PLEASE CONTACT YOUR ADVISER TO DISCUSS THIS GENERAL RECOMMENDATION BEFORE ACTING ON IT.**

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Share price info

Share price perf. (%)	1M	3M	12M
Relative	-17.9	-29.3	-5.4
Absolute	-14	-25.2	16.2
Major shareholders		% held	
OZ Mineral Ltd			39.4
Middlefield Securities Ltd			0.4
Dimensional Fund Advisors LP			0.2

Financing: the final hurdle

Toro's 54mlbs of U₃O₈ resources at its 100%-owned Wiluna project are of a scale capable of supporting long-term sales contracts to generators. Extensive studies indicate a robust project – capex of A\$269m, cash opex of US\$37/lb and a 14-year life. The project has now received all major regulatory environmental approvals. However investors need to assume +US\$75/lb long term uranium pricing and that a JV can be secured on premium terms to be bullish on TOE. Both look possible, but will take time for the market to believe in our view.

WA's first uranium miner? ▶

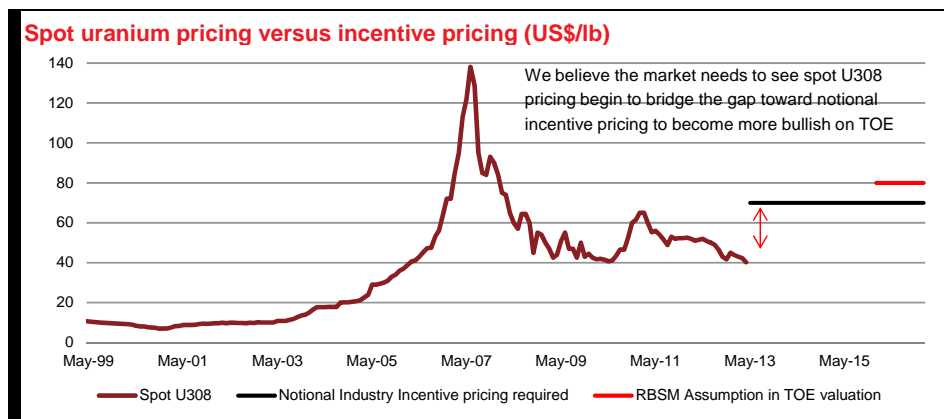
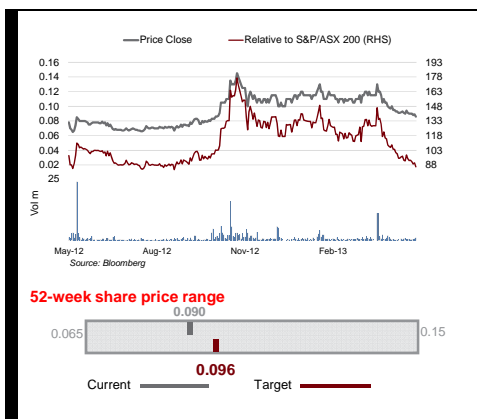
Toro aims to become WA's first uranium miner via the development of its 100% owned Wiluna project 520km north of Kalgoorlie. Wiluna hosts 54mlbs of U₃O₈ (in oxides) and is targeting 1.7mlbs per annum of production for 10-14 years from 2016.

It's about belief in tightening uranium markets ▶

Applying TOE's project parameters, Wiluna's economics look challenging in anything other than a +US\$75/lb uranium price environment. Today's market looks reluctant to pay for this while spot prices trade below US\$45/lb. TOE also faces the challenge of retaining a meaningful exposure to Wiluna against the ability to meet its projected equity funding obligations under a JV. However, Wiluna does offer secure supply into a projected uranium market deficit from 2015 and potential partners (generators) have been known to pay a premium for this security above standalone project economics. Hence TOE offers excellent leverage to rising uranium markets and any corresponding rise in price for scarce uranium assets, albeit while carrying speculative risk.

Funding is critical ▶

Wiluna has now secured all major environmental regulatory approvals following an exhaustive 3.5 year process including 4 separate public exposure periods. TOE is now finalising detailed engineering and costings, compensation negotiations with local landholders and its bankable DFS by end 2013. Combined, these should add enough certainty to fully engage with prospective joint venture/ off-take partners in parallel with seeking project financing. TOE's board aims to make a development decision by end 2013 however we think the timing may prove optimistic in the current market.



SOURCE: RBS Morgans, COMPANY REPORTS

Company snapshot

Toro Energy (TOE) is a uranium developer with development and exploration assets predominantly in Western Australia. TOE's wholly owned Wiluna Uranium Project in WA has received final environmental approval from the federal government. This was the last major environment-based regulatory approval required in order to proceed to the funding stages for the proposed A\$269m open pit development. TOE holds total JORC compliant uranium resources of 53.6mlb in five calcrete deposits at Wiluna and 6.9mlb at Theseus and further exploration licenses in the Northern Territory and Namibia.

Company drivers

Confirmation of inputs from the DFS will assist in funding discussions and allow the market to de-risk and accurately value TOE in time

Introduction of a JV partner including offtake and long term pricing certainty is crucial in determining the final financing structure and subsequent market interest

The Australian political environment may have some bearing on the final minor approvals required before construction can commence

SWOT analysis

Strengths

100% ownership of >60mlb of established resources. A proven (pilot) process flowsheet and proven management. Key Federal and WA government environmental approvals.

Weaknesses

TOE has no production track record and may face difficulties in sourcing debt and equity funding on attractive terms in the current market for resource projects

Industry drivers

TOE is strongly leveraged to medium-to-long term uranium pricing. Physical markets typically drive risk appetite for uranium equities

Growth in uranium demand is likely to be driven by expanding nuclear generation capacity, predominantly in China, India, and Russia.

Given high industry barriers to entry, the next generation of uranium mines are likely to require +US\$70/lb pricing to justify development – well above current spot prices

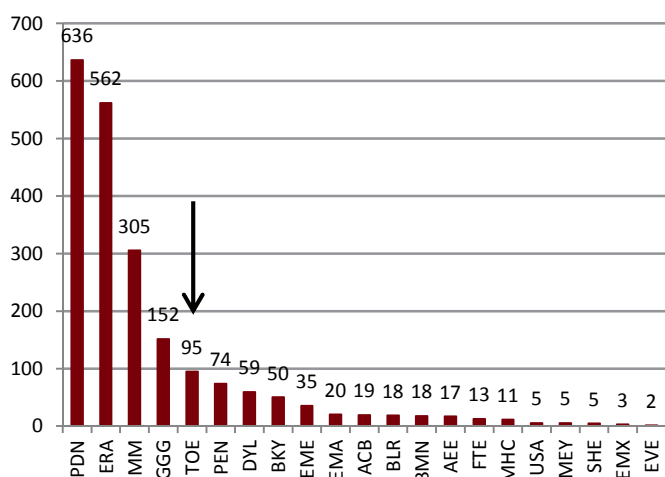
Opportunities

Wiluna is one of few uranium developments capable of delivering into an anticipated supply deficit from 2015.

Threats

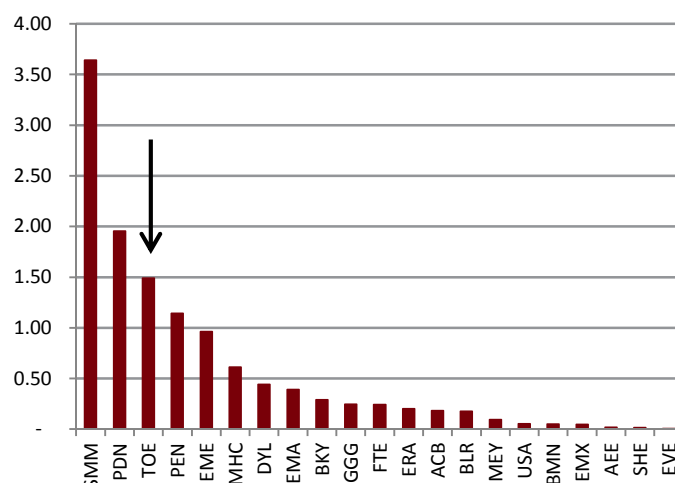
Delays to financing and a final investment decision are a material risk. Project economics are highly sensitive to capex, opex and achieved pricing.

Chart 1: Uranium sector – Diluted market caps (A\$m)



SOURCES: RBS Morgans, Bloomberg Company data

Chart 2: Uranium sector – EV / Resource (US\$/lb)



SOURCES: RBS Morgans, Bloomberg Company data

Leverage to anticipated strength in U₃O₈ pricing, coupled with the potential to attract a JV partner on premium terms are TOE's key bull points

Until final project parameters are confirmed via the DFS, we use our base case valuation as a guide only to evaluate TOE's key drivers

We need to apply long term uranium pricing of US\$85/lb to generate an attractive valuation

Investment view – It's about belief in tighter uranium markets

On Wiluna's economics alone, TOE's earnings and valuation upside don't look rewarding enough to compensate investors for the attached development risk in our view. However, some important elements do support a more bullish view on TOE;

Strategic value: TOE is one of few uranium developers with 100% ownership of their project, uncommitted off-take, in a stable jurisdiction and with all major regulatory approvals secured. TOE therefore offers supply certainty, and holds a strong negotiating position with which to attract potential JV partners on premium terms. This is crucial to lowering the funding hurdle;

Strong leverage: Wiluna's sensitivities show that TOE offers extreme leverage to rising U₃O₈ pricing anticipated from market deficits from 2015 onwards. Leverage attracts speculation;

Proven expertise: TOE's team has a proven track record of resource discovery and management of uranium specific development hurdles. Such expertise can be applied to near mine potential at Wiluna (valuation upside) and over TOE's lower priority acreage over time.

RBSM conceptual valuation

We value TOE using a sum-of-the-parts methodology incorporating a conceptual DCF valuation for Wiluna, applying TOE's parameters over a 14-year mine life.

We model TOE's retained equity interest in the project at 65%, apply project gearing at 33% and have not diluted for probable new equity issuance in the event that JV sell-downs do not fully cover TOE's equity capital contribution. Hence we view our estimates as optimistic.

We model first production from late 2015 and apply long-term average uranium prices of US\$75/lb, required to generate an attractive project IRR of 16%. Again this looks optimistic against today's spot pricing and the market may be reluctant to price in these assumptions until uranium prices do start to improve.

Upside risks to our valuation include lower than projected capital and operating costs, further additions to near mine resources and mine life and potential corporate appeal. Downside risks include delays to financing and development, execution and commissioning risk and lower-than-projected uranium prices.

Table 1 : TOE Valuation Summary

Valuation summary	A\$m	A\$ps	Notes
Wiluna - Base case	61.9	0.05	Assumes 14 year project life
Wiluna - Extension	33.5	0.03	Extension potential to 20 years
Theseus	20.5	0.02	A\$3.00/lb Resource multiple
Other exploration	10.0	0.01	Nominal valuation
Total operations	126.0	0.11	Applies a 10% WACC
Corporate	-10.0	-0.01	
Net (debt)/cash	-4.0	0.00	Currently looking too tight
Total valuation	112.0	0.10	

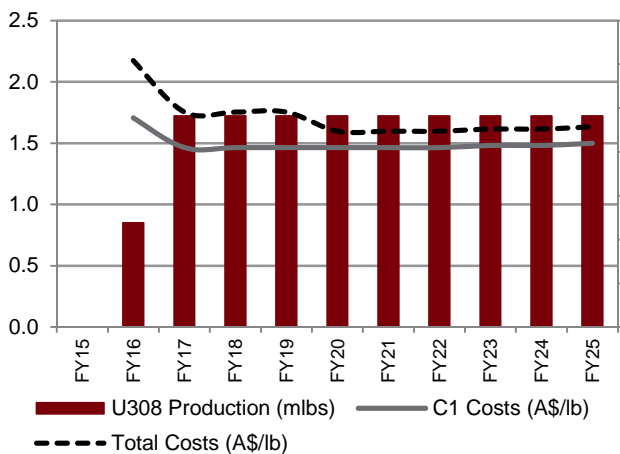
SOURCE: RBS Morgans forecasts

Table 2: RBSM Base case modelling assumptions

	2014	2015	2016	2017	2018	2019	2020
Physicals (100% Basis)							
Uranium production (mlbs)			0.9	1.7	1.7	1.7	1.7
C1 Production costs (US\$/lb)			43.00	34.85	34.85	34.85	34.85
C1 Production costs (A\$/lb)			47.78	41.00	41.00	41.00	41.00
Total Costs inc interest (A\$/lb)			60.87	49.11	49.11	49.11	44.75
Market assumptions							
Uranium pricing (US\$/lb)			75.00	75.00	75.00	75.00	75.00
AUD / USD Exchange			0.90	0.85	0.85	0.85	0.85
Financials (100% Basis)							
Revenue (A\$m)			70.8	151.9	151.9	151.9	151.9
Cost of sales (A\$m)			-40.6	-70.6	-70.6	-70.6	-70.6
Project EBITDA (A\$m)			30.2	81.3	81.3	81.3	81.3
TOE Share (65% Basis)							
TOE Share of Capex (A\$m)	-2.0	-91.0	-84.5				
TOE EBITDA (A\$m)			19.6	52.8	52.8	52.8	52.8
TOE net Cash flow (A\$m)	-1.9	-92.9	-82.3	42.2	35.3	34.1	38.1

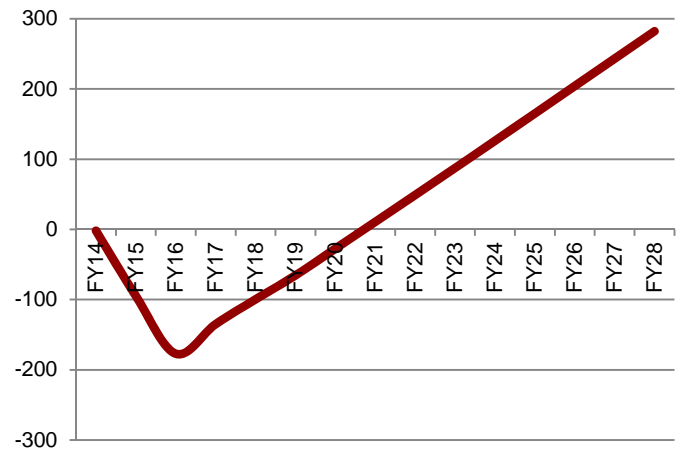
SOURCE: RBS Morgans forecasts

Chart 3: Production and cost assumptions – 100% Basis



SOURCE: RBS Morgans forecasts

Chart 4: Cumulative cash flows – TOE Share



SOURCE: RBS Morgans forecasts

Detailed Sensitivities

The choice of partner and terms of any JV are critical to the TOE investment case

Assuming nameplate production is achieved, our valuation for Wiluna is most sensitive to long term uranium pricing. To source project finance, we expect that TOE will need to secure long term offtake agreements at fixed pricing for the majority of its production. This may satisfy the financiers, but may detract from TOE's equity appeal if leverage to spot uranium pricing is capped. Beyond uranium pricing, TOE will be next most sensitive to achieved operating costs.

The sensitivities show that only narrow margins for execution error (capex and opex) on the downside for TOE. This reinforces our view that potential investors must take a bullish view on 1) TOE's ability to secure attractive contracts for long term uranium pricing; and 2) also attract JV funding on terms priced at a premium to the economic value of the project.

Table 3: Base case valuation sensitivities

				Base		
		65	70	75	80	85
LT Uranium price	(US\$/lb)					
Wiluna IRR		9%	13%	16%	19%	22%
Wiluna NPV	(A\$m)	3	33	62	91	121
NPV Variance		-95%	-47%		47%	95%
LT AUD : USD	(US\$/lb)	0.95	0.90	0.85	0.80	0.75
Wiluna IRR		13%	15%	16%	17%	19%
Wiluna NPV	(A\$m)	38	49	62	76	93
NPV Variance		-39%	-21%		23%	50%
C1 Costs	(A\$/lb)	48.50	46.00	43.50	41.00	38.50
Wiluna IRR		11%	13%	14%	16%	17%
Wiluna NPV	(A\$m)	16	31	46	62	77
NPV Variance		-75%	-50%	-25%		25%
Project capex	(A\$m)	340	320	300	280	260
Wiluna IRR		11%	13%	14%	16%	18%
Wiluna NPV	(A\$m)	25	37	50	62	74
NPV Variance		-60%	-40%	-20%		20%

SOURCES: RBS Morgans forecasts

Gearing may be pushed higher than 33% depending on the long term mix of contracted versus uncontracted sales and the composition of any JV

A funding solution is critical

Development capital for Wiluna is estimated at A\$269m – close enough to A\$280m including working capital. TOE believe the project can be debt funded to around 33%, leaving an equity capital requirement of A\$200m. TOE will seek to sell down equity at the project level to help cover this requirement.

The introduction of a supportive JV partner, preferably on premium terms, will offer TOE its best opportunity to build market confidence in project fundability. Such a process is unlikely to be concluded until TOE has completed the bankable DFS thus providing potential financiers more project certainty in our view.

TOE will seek off-take on fixed pricing arrangements from potential joint venture partners. A supportive partner – such as an Asian utility – may also be able to access cheaper bank and ECA finance supported by foreign governments willing to support energy supply security. The extent to which TOE is 'integrated' into a partners supply chain is subject to negotiation.

We assume that TOE's retains a 65% level of ownership, implying an equity funding requirement of ~A\$130m versus a market capitalisation of ~A\$95m. We don't believe that TOE could raise this amount fully from selling a 35% project stake.

In August 2012, BHP sold 100% of the Yeelirrie uranium deposit, 70km from Wiluna, to Cameco for around A\$430m. However Yeelirrie was larger in size (139mlbs versus 55mlbs Total Resources) and of a better grade (1300ppm U₃O₈ versus 441ppm) than Wiluna.

Therefore, TOE is likely to fall into the difficult position of funding the equity shortfall via an on-market equity raising, provided the markets are supportive.

Tension in the financing process, or not, helped by tension in uranium markets, or not, will largely determine TOE's future by end-CY13 in our view

Toro's funding position and options

TOE held A\$4.6m in cash as at the end of 2012 and has since drawn A\$8m of an available A\$12m in a convertible debt facility with Macquarie Bank. The remainder is available for drawdown prior to 30 June.

As part of the facility, Macquarie was issued ~67m options exercisable between 12.3-14.2c over the next 3 years. Further options are issuable on drawdown of the remaining A\$4m.

Given TOE's funding position looks tight, and the difficulty in raising new equity, we believe that TOE's options are entirely driven by the success of its financing process. Options include;

- **Sell down Wiluna to the 65% target** and chance the uranium and equity markets in order to raise the equity capital shortfall. This may prove too optimistic in the current environment.
- **Sell down to a minority interest (<50%)**, ceding control but better covering funding obligations and perhaps re-cycling some capital into new exploration. However current shareholders may be reluctant to hold exposure to a minority stake at the project level in the current market.
- **Sell 100% of the project** if prices are attractive enough, possibly return some cash to shareholders and/or retain cash for new exploration, looking to replicate Wiluna's pre-development success.
- **Don't sell, and wait for conditions to improve:** In this event, new equity would still be required in our view to continue any meaningful exploration activity and to refinance the existing loans from Macquarie over time. TOE believe that in this scenario, current funding lines could cover project and corporate costs well into 2014.

Project funding is the primary risk concerning potential TOE investors

Table 4: Key risks

Funding	Sourcing ~A\$300m to build the Wiluna Project, most likely via the introduction of a partner remains the core risk for TOE
Regulatory approvals	The regulatory approvals process for uranium mining is highly stringent, putting at risk development timeframes. TOE now requires only minor approvals to proceed.
Uranium prices	The uranium market has been weak, with the ramifications of both the GFC and Fukushima disaster still having an effect. TOE estimates that +US\$70/lb prices are required to justify the development of Wiluna
Currency fluctuations	Changes in the AUD/USD exchange rate can significantly affect profitability as sales are typically denoted in US dollars. The majority of capital and operating costs will be denominated in Australian dollars.
Cost pressures	Increases in capital and operating costs can severely affect project returns.
Uranium grade	Actual mined grades during the life of the project may vary from the grade reported under Phase 1 of the DFS for current resources.
Exploration	There is no reliability that any efforts spent toward exploration activities will result in new economic resources.
Radiation	The handling, transport and storage of uranium concentrates does attract significantly higher scrutiny due to the perceptions of uranium held by the general public. This may raise TOE's operating and regulatory risk profile.

SOURCES: AME, RBS Morgans

Key catalysts

- initial discussions with potential project JV partners – ongoing
- completion of the Wiluna DFS – late 2013
- finalization of project financing arrangements – late 2013
- a final development decision for Wiluna – late 2013
- first production – from late 2015

Our uranium view in a nutshell

Uranium pricing in the short term is expected to be suppressed by delays to the nuclear restart and rebuild programs in Japan. However medium to longer term expectations look tight owing to the strong pipeline of new reactor builds and an anticipated supply shortfall.

The Global Energy Market – good growth in electricity demand

The annual BP Statistical Review of World Energy (<http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481> for 2012) and the publications of The International Atomic Energy Agency (<http://www.iaea.org>) are highly regarded sources of information on energy supply and demand, both in terms of providing historical information, and in analyzing past and current trends to inform debate about future trends.

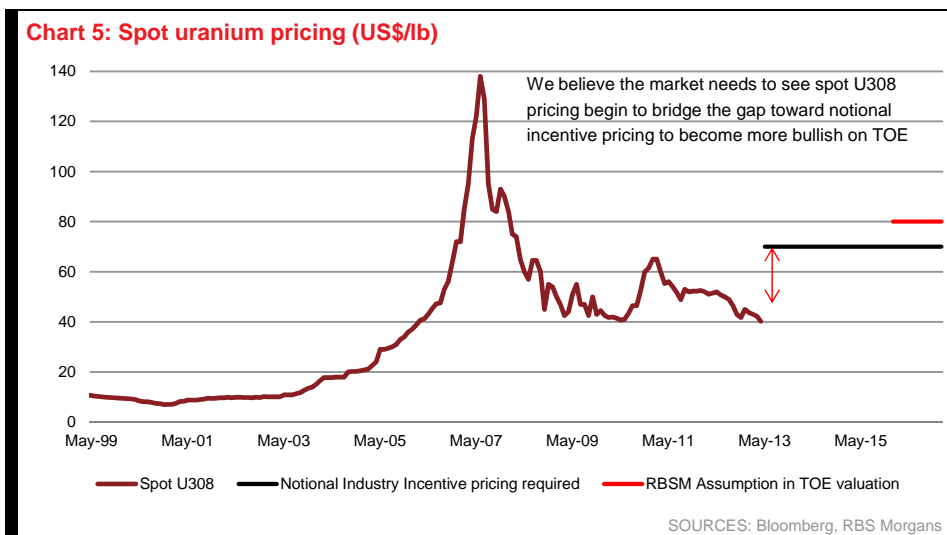
Over the first decade of the 21st Century, overall energy demand in Asia increased 73%, while electricity demand doubled. In 2000 Asia accounted for 27% of world electricity consumption, but Asia was responsible for 65% of the increase in electricity generation to 2010. Projecting a continuation of this broad trend, the BP Statistical Review anticipates that Asian electricity demand will rise by 150% to 2035, and this growth in demand will represent 60% of the increase in world generating capacity. Within this broad trend, electricity demand in China is projected to rise by 240%, and demand in India by 430% as economic growth delivers higher standards of living.

Uranium’s recent price drivers

The uranium industry has been weak since the GFC. The global financial crisis of 2008 had a severe impact on commodity investment resulting in a sharp decline in uranium prices. Backed by Chinese buying, supply disruption in Australia, and news of an increasing number of new nuclear plant proposals, the U₃O₈ spot price recovered more than US\$30/lb in late 2010 before hitting an interim high of US\$72/lb in January 2011. However, the industry was again shocked following the accident at the Fukushima Daiichi Nuclear Plant on 11 March 2011, leading to its current price trajectory below US\$50/lb.

The announcement of a nuclear shutdown program from the German government, under which all 17 reactors are planned to be phased out by 2022 (including eight reactors to be closed immediately) and a shutdown of all 55 reactors in Japan (only two reactors came on line till 2012), created a fear of excess supply in the short term. This fear drove short-term spot prices to USD40/lb in late 2012.

However, with the win of the pro-nuclear Abe government in Japan’s federal election, a restart program for the nation’s 48 inactive reactors and other rebuild programs are expected to happen at a faster pace, which may lead to an upward trend in the spot market by late 2013.

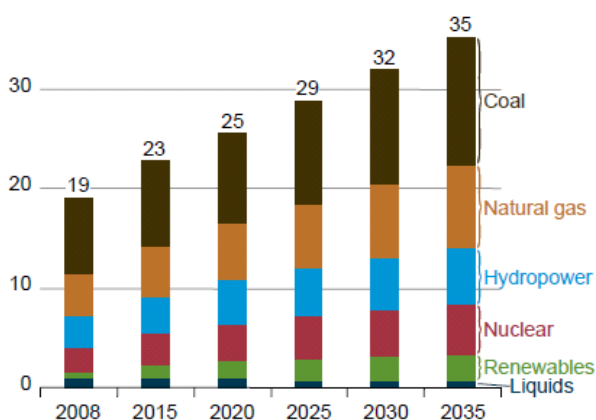


Robust demand

Owing to significant concerns about energy security and greenhouse gas emissions, electricity generation from nuclear power worldwide is expected to increase to 4.9tn kilowatt hours (tkwh) in 2035 from 2.6tkwh in 2008, as per the International Energy Outlook 2011. Moreover, world average capacity utilization rates have risen continuously over time to c80% currently from c65% in 1990, and are expected to grow.

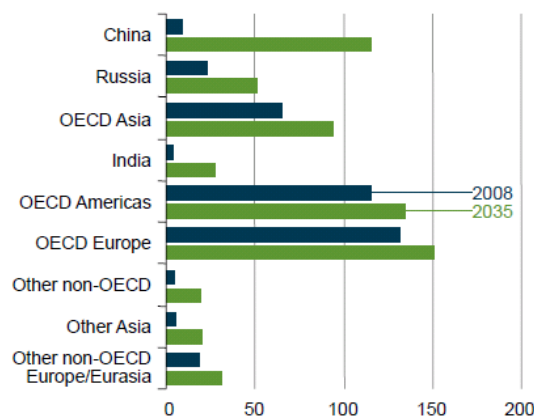
Nuclear power projects are expanding worldwide, with 75% of the forecast growth in installed nuclear power capacity coming from non-OECD countries. China, Russia, and India account for the largest increment in world net installed nuclear power from 2008-35, with the addition of 106, 28 and 24 gigawatts of capacity, respectively. As per current data from the World Nuclear Association, 65 reactors will be under construction worldwide, with another 167 planned and 317 proposed, driving significant uranium demand in the medium to long term.

Figure 1: World Net Electricity Generation by Fuel Type, 2008-35 (trillion kwh)



SOURCE: International Energy Outlook 2011

Figure 2: World Nuclear Power Generating Capacity, 2008 and 2035 (gigawatts)

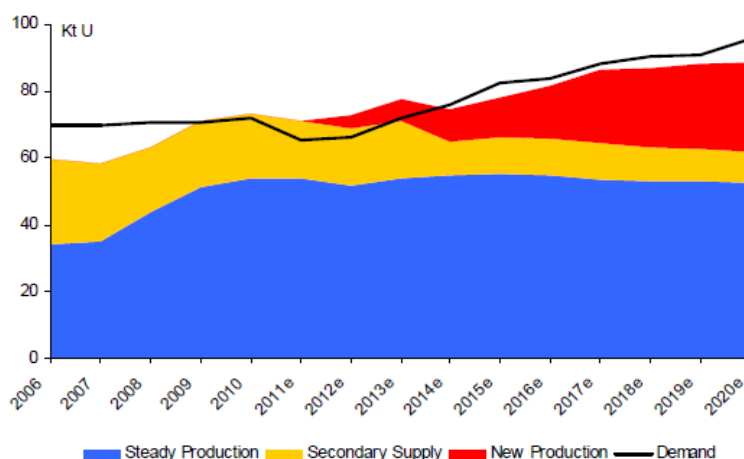


SOURCE: SOURCE: International Energy Outlook 2011

Supply shortfall

Owing to weaker spot prices post-Fukushima, many producers have suspended development and expansion projects. Major projects such as Olympic Dam, Kintyre, and Cigar Lake need U₃O₈ spot prices of at least US\$70-80/lb to again become economic. Deferrals in such projects, together with the reduced supply of 24mlb due to the end of the US-Russia highly enriched uranium (HEU) deal this year may generate significantly tightness in the medium term. An expected supply shortfall in 2014-15 may result in a rebound in spot prices.

Figure 3: Expected Supply Shortfall in 2014-15

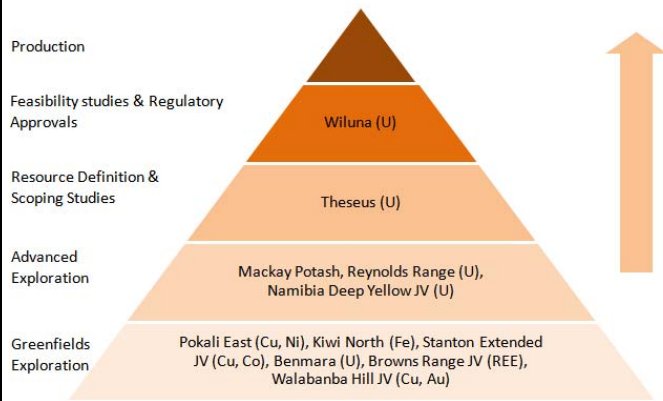


SOURCES: TOE presentation

Appendix A – Toro + Wiluna overview

Company snapshot: TOE's projects contain ~60mlb of U₃O₈ resources within the Wiluna and Theseus regions, along with under-explored prospects in SA, NT and Namibia. The company's focus is on bringing the Wiluna project into production.

Figure 4: TOE Project Pyramid



SOURCE: Toro Energy

Table 5: Wiluna Resource Summary

Project Name	Category	Resource		Contained	
		M Tonnes	Grade U3O8	U3O8 tonnes	Contained U3O8 Mlb
Centipede	Measured	3.08	552	1,703	3.75
Centipede	Indicated	7.56	555	4,197	9.25
Centipede	Inferred	2.30	272	627	1.38
Lake Way	Indicated	2.57	492	1,265	2.79
Lake Way	Inferred	7.38	544	4,015	8.85
Total Wiluna Project		22.89	516	11,807	26.02
Millipede	Indicated	1.77	412	728	1.61
Millipede	Inferred	5.51	533	2,935	6.47
Dawson Hinkler Well	Inferred	13.09	312	4,077	8.99
Nowthanna	Inferred	11.91	399	4,750	10.47
Total Wiluna Regional		32.28	387	12,490	27.54
Total Wiluna Project & Regional		55.17	441	24,297	53.56
Theseus Project Resource	Inferred	6.3	493	3,100	6.90

SOURCE: Toro Energy

Wiluna Project status – It's all about funding in 2013

The process engineering phase of the Definitive Feasibility Study (DFS) for the Wiluna Uranium Project, which comprises the Centipede and Lake Way deposits, has been completed.

The Wiluna project was granted WA Ministerial environmental approval in October 2012, after an exhaustive process which incorporated four scheduled opportunities for submissions from the public and government agencies. Environmental approval by the Federal Government was received in April 2013, providing all-important project certainty to allow partnering and project finance discussions to proceed in detail.

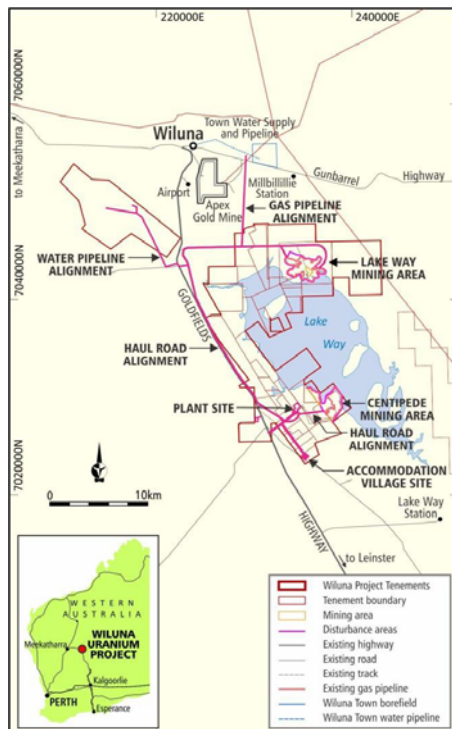
The Traditional Owners and the local Aboriginal community have formally committed to negotiate a mining agreement based on the scope of the project assessed under the DFS.

Subject to successful project financing and uranium market conditions, we anticipate a final investment decision during the second half of 2013. TOE reports strong interest from potential JV partners in China, Korea and Japan seeking a strategic investment position and off-take arrangements. On this schedule, first uranium sales are projected for late 2015.

Wiluna Uranium Project – well established fundamentals

The project economic model was revised late in 2012, based on trial mining and extensive pilot plant testwork, which informed a revised mine plan and incorporated the process engineering from the DFS. A capital cost of \$207 million in direct costs was estimated. A further \$31 million in EPCM and \$31 million in contingency was incorporated for a total of \$269M. C1 cash operating costs were subsequently (early 2013) revised to US\$41/lb U₃O₈ for the first 10 years of a 14-year mine life. Subject to further evaluation and additional government approvals, recent acquisitions of regional resources from Nowthanna and Dawson Hinkler Well are expected to increase the resource base and life of the project.

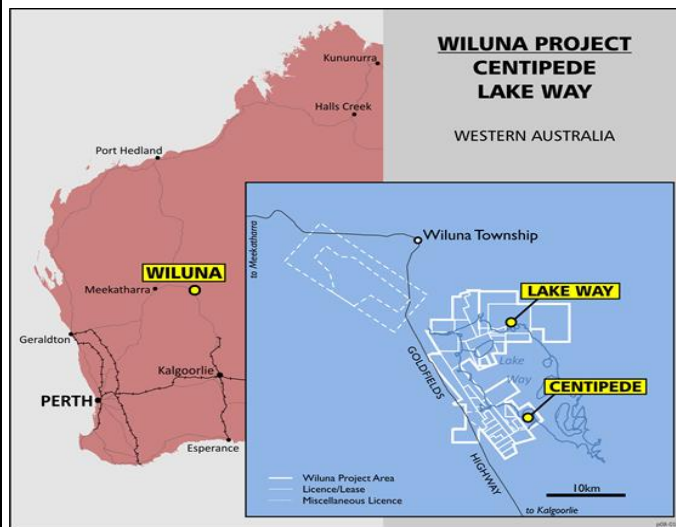
The Wiluna Uranium Project: Evaluating a 1.7mlbs per annum open pit, with capex of A\$269m and C1 costs of A\$41/lb over a projected life of 14 years



Location and Infrastructure: The Wiluna Uranium Project, located 30 kilometers south of Wiluna in WA, is in close proximity to the Goldfields Gas Pipeline, the Goldfields Highway, and Wiluna Airport. It is situated at 960 kilometers northeast of Perth, WA, where the environment is semi-arid with a low amount of rainfall.

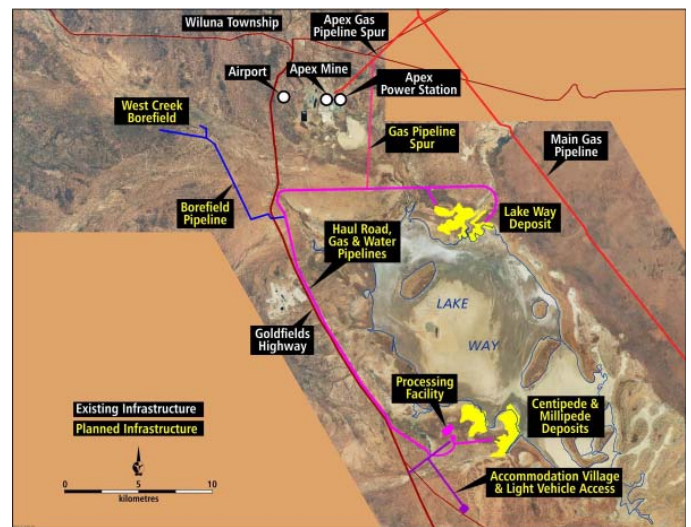
TOE will provide accommodation for the workforce, establish a water supply borefield based on a local underground aquifer, and provide up to 12 megawatts of on-site gas-fired power generation.

Figure 5: Wiluna Uranium Project Location



SOURCE: Toro Energy

Figure 6: Wiluna Uranium Project Local Infrastructure



SOURCE: Toro Energy

Mining – trial mining confirms extraction and rehabilitation: The largest of these deposits, Centepede and Lake Way comprise the resource to be mined by a shallow surface strip mining operation using a Vermeer surface miner in shallow excavations. The life-of-mine strip ratio is 3.8:1. In 2010 and 2011 developmental work involved a trial mining/resource evaluation pit, and evaluation of metallurgical variability, and has substantially de-risked the resource and mining technique. Tailings and waste rock will back-fill the pit voids, contoured to reflect the pre-mining topography and progressively rehabilitated.

Table 6: Wiluna project parameters

Processing plant	1.3mtpa
Head grade	716ppm*
Recovery	Ramping to 86%
C1 cash cost	AUD41/lb USD37/lb
Capital cost	AUD269m
Product (per annum)	780 tonnes U ₃ O ₈ (1.7mlb)
Mining duration	10-14 years

SOURCES: TOE presentation

Processing – a full scale hydromet plant: The 2010-11 review incorporated a pilot plant study to refine the process flow sheet and identify the key parameters. Ore is to be processed through a conventional alkaline tank leach process. The testwork which included operation of a full scale hydrometallurgical pilot plant, resource evaluation and water barrier trials over the two years confirmed this is the most effective process, with overall recovery projected between 83% and 86%. The pilot plant confirmed that a coarse grind delivered sustainable recovery, leading to reduced mill size and power requirements. Saline groundwater sourced from the mining areas was used for the campaign without loss of product recovery, establishing substantial savings in water treatment prior to processing.

With the testwork programs completed, Wiluna's technical risks have been significantly reduced

The sodium diuranate (SDU) produced was of high quality, with vanadium rejection consistently above expectations in the leaching and CCD circuit. Further refining of the SDU achieved a high quality uranyl peroxide product with low levels of penalty elements.

Phase 1 of the DFS is now complete which has finalised the processing design, major equipment lists and plant layout. Phase 2 of the DFS (engineering, infrastructure design and final cost estimates) is planned to be completed during 2013. Regulatory and community risks are also largely mitigated with approval of the Project by the WA and Federal Ministers for the Environment.

Transport and export: Transportation of product, subject to stringent regulations applied and monitored by both Australian and international authority, is planned by road via Kalgoorlie to Port Adelaide and, where needed, by rail onto Darwin for overseas export. The volume of production at the Wiluna Project would need two container trucks (four to five containers) per month to transport the uranium to Port Adelaide.

Theseus Uranium Project: The Theseus Project comprises 3,500 square kilometres of exploration licenses at Lake Mackay in north-eastern WA. In December 2012, TOE announced a maiden Inferred JORC Resource at the Theseus Deposit of 6.3m tonnes at 493ppm for 6.9mlb U₃O₈ at a cut-off of 200ppm with an exploration target of 28m-35m tonnes of uranium at 450-520ppm for 28m-40mlb U₃O₈. Theseus is an earlier stage, exploration opportunity when compared with Wiluna hence sits as a secondary priority for TOE.

Table 8: Inferred Mineral Resource at the Theseus Project

Inferred Mineral Resource	Tonnage U3O8		Metal U3O8	
	(ppm)	(Mt)	(ppm)	(t)
Grade Cut-off	200	6.30	493	3100
GT Cut Off	1000	6.10	491	3000

(MLb)

SOURCE: Toro Energy

Table 9: TOE Board and management

Dr. Erica Smyth Non-Executive Chairman	Plus 30 years of experience in the mineral and petroleum industries, holding executive positions with BHP Minerals, BHP-Utah Minerals International, BHP Petroleum, and Woodside Petroleum.
Dr. Vanessa Guthrie, Managing Director	A geologist and specialist in uranium sensitive project development.. Has held previous roles with RGC, Pasminco, and WMC, overseeing environmental management in gold, nickel, and base metals. Also holds board positions with Reed Resources, the International Centre for Radio Astronomy Research, Uni of WA's Centre for Social Impact Advisory Board and Scotch College.
Greg Hall Non-Executive Director	A mining engineer with over 28 years of experience in the mining industry, including 17 years in uranium holding senior marketing and operational management roles.
Peter Lester Non-Executive Director	An engineer with over 40 years of experience in the mining industry in senior operating, development, and corporate roles with Newcrest, North, CRA, and MIM. Is also a Non-Executive Director of Castlemaine Goldfields and Nord Gold.
Andrew Coles Non-Executive Director	An engineer and the current CFO of OZ Minerals with over 30 years of experience in the resources industry. Has held various positions in Rio Tinto, Esso, Pasminco, and Zinifex.
Donald Stephens Company Secretary	A chartered accountant with over 25 years of experience, including 14 years as a partner of HLB Mann Judd. Also holds other private-company secretarial positions and directorships and provides corporate advisory services.
Todd Alder General Manager – Finance and Corporate	A qualified CPA with over 16 years experience in mining, energy, and steel. Has worked for Capgemini Consulting pertaining to financial process outsourcing for BlueScope Steel and financial re-engineering projects for BHP Billiton.

SOURCE: Toro Energy

QUEENSLAND			
BRISBANE	(07) 3334 4888	PORT MACQUARIE	(02) 6583 1735
BUNDABERG	(07) 4153 1050	SCONE	(02) 6544 3144
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CALOUNDRA	(07) 5491 5422	SYDNEY – LEVEL 33	(02) 8216 5111
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NEW SOUTH WALES			
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