



# QUARTERLY

## ACTIVITIES REPORT

for period ending:

# 30 June 2014

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### CORPORATE

- Cash at end of the quarter was \$7.1 million.

### WILUNA URANIUM PROJECT (WA)

- Largest Resource drilling and geotechnical program ever conducted at Wiluna Project completed in June totalling 1,639 holes for 16,375 metres.
- Drilling focussed on 100 x 100 metre grids in Centipede, Millipede, Lake Maitland and Lake Way deposits on a 5 x 5 metre grade control program.
- Environmental Scoping Document submitted to West Australian Environmental Protection Authority as next stage in assessment of mining at Millipede and Lake Maitland.

### URANIUM MARKET

- Lead spot price indicator closed US\$5.80/lb down from the March 2014 quarter at US\$28.20/lb.
- The long term price indicator fell US\$1.00/lb from the March 2014 quarter to US\$44.00/lb.
- Subsequent to quarter end Japan's Nuclear Regulation Authority provided safety clearances for the restart the Sendai reactors 1 and 2.

### EXPLORATION

- Continued rationalisation and consolidation of greenfields exploration ground in Western Australia and Northern Territory.
  - JV negotiation over a number of other prospective Australian greenfields uranium tenements nearing completion.
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## 1. Corporate

During the quarter the Share Subscription Agreement<sup>1</sup> between Toro and RealFin Capital Partners was completed with the final \$0.5M tranche of ordinary shares being subscribed for in May 2014. Realfin remain strong supporters of the company and continue to believe in a mid-term uranium market recovery.

As at 30 June 2014 Toro had \$7.1 million cash on hand.

## 2. Uranium Market

Spot uranium price fell during the first half of the June 2014 quarter trading down from US\$34.0/lb at the end of March closing at US\$28.2/lb at the end of June, the bulk of the fall occurring in April.

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<sup>1</sup> Refer ASX release 24 December 2013 (RealFin Subscription Agreement Terms)

As reported in the previous quarter spot demand remains weak and trading volumes low. Current market consensus suggests that the incentive uranium pricing conditions needed for development stage assets to be brought into production may occur once the current demand curve outstrips the inventory and current oversupply. This appears to align with the latter half of this decade.

While the spot price environment is presenting challenges to existing uranium producers and development stage companies, the medium to long term demand outlook remains positive with the emerging economies committed to significant growth in reactor build out programs. China continues to add capacity with two reactors achieving commercial operation during the quarter and construction of a further 29 underway and planning of additional capacity forging ahead.

In July Kyushu Electric Power Co. Inc. was given safety clearances and preliminary approval by the Nuclear Regulation Authority to restart its Sendai plant in southern Japan, a signal that the long awaited re-start of Japan's nuclear industry is drawing closer. The reactors now require approval at the local government level prior to restarting.

### **3. Wiluna Uranium Project (WA)**

#### **3.1. Project Update**

In response to the weak market sentiment, Toro has been reducing its project expenditure in order to preserve cash. It remains the Company's intention to ensure the Wiluna project can be financed and brought into production as quickly as possible subject to achieving uranium pricing conditions that support development.

Discretionary expenditure for the 2014/15 financial year will be directed toward completing the analysis of resource and geotechnical drilling carried out in the June quarter, continuing negotiations on a mining agreement with the Traditional Owners, progressing the Millipede/Lake Maitland environmental approvals and undertaking internal engineering studies to improve the project configuration, capital and operating cost estimates.

Since the 2012 Bateman feasibility study report was published ("DFS Stage 1"), limited further work has been carried out on process plant engineering and design while effort has concentrated on resource development. Some of the key assumptions of the DFS Phase 1 study are either no longer appropriate, relevant or are outdated and need to be reviewed. Consequently, Toro will use the time afforded by the slower than anticipated uranium market recovery to review the fundamental project configuration and underlying assumptions applied to the DFS Stage 1 to provide improved inputs to the final definitive feasibility study when it is initiated.

#### **3.2. Resource**

Toro's largest drilling program at Wiluna was completed during June. A total of 1,639 holes were drilled for 16,375 m of which 71 holes for 644 m were sonic core, the remaining being aircore. Most of the drilling consisted of four 100 x 100 m grade control grids inside each of the core Wiluna deposits; Centipede, Millipede, Lake Maitland and Lake Way. The drilling within each grid was completed on a 5 x 5 m spacing. A small proportion of the drilling, 27 holes for 199 m was for the purpose of geotechnical studies related to pit wall design and investigations of the ROM pad and processing plant foundations.

The resource drilling was focused on further de-risking the resource and economic model by:

- Reconciling the current Indicated resource model, where drill spacing is approximately 80 x 80 m, to that of a model produced from a 5 x 5 m grade control drilling pattern, and therefore testing the current Indicated resource model's ability to predict grade and pounds; and
- Ascertaining the small-scale spatial distribution and pattern of the deposits to confirm they are amenable to the proposed mining methods and ultimately prove the grades to the mill in the economic model.

The drilling also helps to define the optimum drill spacing for any future grade control drilling during mining, for the least possible expense without jeopardizing grades to the mill.

Early work on the Millipede grid drilling results is complete and are encouraging with the grade control drilling proving that the Indicated Resource from the current block model is underestimating by over 10% in the area drilled. Work on the rest of the results is ongoing.

A Wiluna resource table has been included at Appendix 2 of this report.

### **3.3. Approvals and Community**

An Environmental Scoping Document (ESD) was submitted to the West Australian Environmental Protection Authority (EPA) as the next stage in the government assessment of mining at Millipede and Lake Maitland. The EPA has set the level of assessment at Public Environmental Review (PER) and the process will be conducted under the bi-lateral agreement between the WA and Federal governments. The ESD establishes the environmental studies necessary to complete the PER. The PER will be open for public review for a 12 week period and Toro is planning its publication in the first half of 2015.

Archaeological cultural mapping by Traditional Owners commenced on infrastructure corridors needed to support mining at Centipede during the quarter. Toro also continued negotiation of the mining agreement with the Wiluna Native Title Holders through their representative body, Central Desert Native Title Services.

### **3.4. Engineering**

During the quarter, a program of work to define the geotechnical parameters of the processing facility, haul roads, service infrastructure and the Millipede pit footprint was integrated into the resource drill program.

A laboratory program designed to assess the application of filters on the processing plant tailings has been completed and the report is due in the next quarter. The anticipated outcomes of the program are improved water recovery from tailings which will have the benefits of increasing water recovered to the processing facility and reducing the volume of tailings to be stored.

## **4. Exploration**

A plan to consolidate all exploration ground into three core regions, The Wiso Basin Project, the Reynolds Range Project and the Theseus Project was completed during the quarter. The aim of the plan is to maintain the most prospective ground for uranium that Toro holds outside of the Wiluna Project. These three provinces represent the exploration tenements on which Toro have achieved impressive technical successes including having proven two of the project areas to be fertile for uranium. Toro has already invested significant amounts of money into these tenements.

Non-uranium exploration assets and uranium targets considered less likely to produce economically viable results are being prepared for or have been released where no alternative are evident.

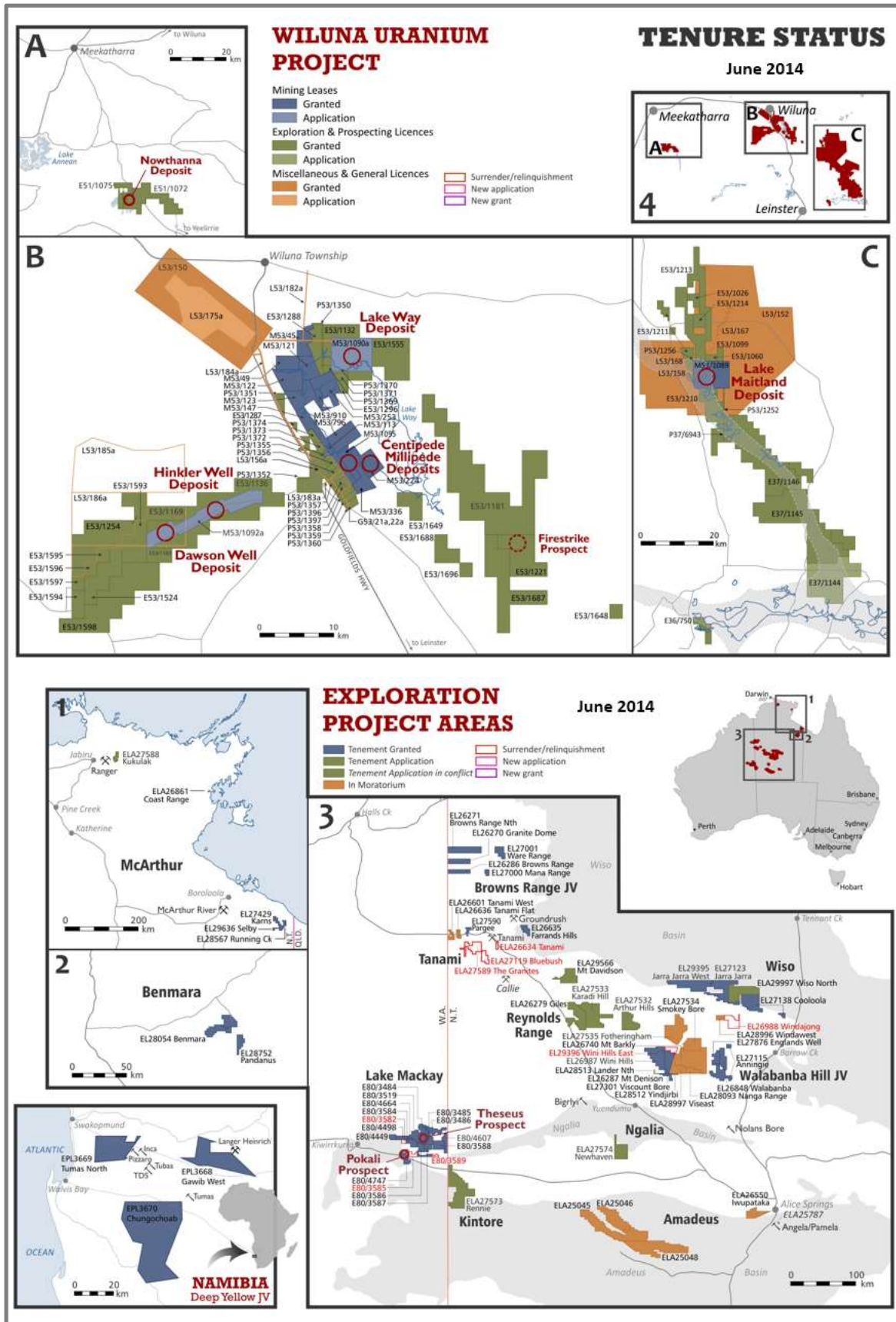
Significant progress has been made regarding negotiations to secure JV partners for the Wiso Project and for interest in Toro's potash resources at Theseus. Three applications for exploration licenses in the Tanami region have been sold outright to ABM resources; the tenements have been successfully transferred by the NT government.

## **5. Tenement Movements**

**An updated tenement status map is attached at Appendix 1.**

**Tenement movement details are included in Appendix 5B attached to this report.**

# APPENDIX I: Tenement Status Map



## APPENDIX 2: Wiluna Uranium Project Resource Table<sup>2, 3</sup>

Current Resources Table Wiluna Uranium Project In accordance with JORC 2012										
DEPOSIT	U3O8 cutoffs	Measured		Indicated		Inferred		TOTAL		
		200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm	
Centipede	Mt's	2.9	1.2	7.5	3.1	0.0	0.0	10.4	4.3	
	Grade ppm	551	872	572	943	0	0	567	923	
	Mlb's U3O8	3.5	2.4	9.5	6.5	0.0	0.0	13.0	8.8	
LakeWay	Mt's	0.0	0.0	10.3	4.2	0.0	0.0	10.3	4.2	
	Grade ppm	0	0	545	883	0	0	545	883	
	Mlb's U3O8	0.0	0.0	12.3	8.2	0.0	0.0	12.3	8.2	
Millipede	Mt's	0.0	0.0	4.5	1.6	1.9	0.4	6.4	1.9	
	Grade ppm	0	0	530	956	382	887	486	943	
	Mlb's U3O8	0.0	0.0	5.3	3.3	1.6	0.7	6.9	4.0	
Lake Maitland	Mt's	0.0	0.0	19.9	7.5	0.0	0.0	19.9	7.5	
	Grade ppm	0	0	555	956	0	0	555	956	
	Mlb's U3O8	0.0	0.0	24.3	15.7	0.0	0.0	24.3	15.7	
<b>Sub-total</b>	<b>Mt's</b>	<b>2.9</b>	<b>1.2</b>	<b>42.2</b>	<b>16.3</b>	<b>1.9</b>	<b>0.4</b>	<b>47.0</b>	<b>17.9</b>	
	<b>Grade ppm</b>	<b>551</b>	<b>874</b>	<b>553</b>	<b>934</b>	<b>382</b>	<b>887</b>	<b>546</b>	<b>929</b>	
	<b>Mlb's U3O8</b>	<b>3.5</b>	<b>2.4</b>	<b>51.4</b>	<b>33.7</b>	<b>1.6</b>	<b>0.7</b>	<b>56.6</b>	<b>36.7</b>	
Dawson Hinkler	Mt's	0.0	0.0	8.4	0.9	5.2	0.3	13.6	1.1	
	Grade ppm	0	0	336	596	282	628	315	604	
	Mlb's U3O8	0.0	0.0	6.2	1.1	3.2	0.4	9.4	1.5	
Nowthanna	Mt's	0.0	0.0	0.0	0.0	11.9	2.3	11.9	2.3	
	Grade ppm	0	0	0	0	399	794	399	794	
	Mlb's U3O8	0.0	0.0	0.0	0.0	10.5	4.1	10.5	4.1	
<b>Total Regional Resource</b>	<b>Mt's</b>	<b>2.9</b>	<b>1.2</b>	<b>50.6</b>	<b>17.2</b>	<b>19.0</b>	<b>2.9</b>	<b>72.5</b>	<b>21.3</b>	
	<b>Grade ppm</b>	<b>551</b>	<b>874</b>	<b>519</b>	<b>915</b>	<b>365</b>	<b>791</b>	<b>479</b>	<b>898</b>	
	<b>Mlb's U3O8</b>	<b>3.5</b>	<b>2.4</b>	<b>57.6</b>	<b>34.8</b>	<b>15.3</b>	<b>5.1</b>	<b>76.5</b>	<b>42.3</b>	

### Competent / Qualified Persons' Statements

Dr Greg Shirliff takes responsibility for all of the information presented here that relates to the results of drilling, inclusive of location of drill holes, depths of mineralization and deconvolved gamma derived uranium values. Dr. Shirliff is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Dr. Shirliff is a full time employee of Toro Energy Limited. There has been no change to this statement for the purpose of reporting drilling results at Wiluna since the previous reporting of drilling results at Wiluna by Toro on 9th September 2013, except that no geochemistry has been presented here.

There has been no material change to resources of the Wiluna Project since the last reporting of the Wiluna Project's resources on the 20th November 2013. The only change to the resource table presented here is the separation of Measured and Indicated resources. As such the competent persons' statement remains as follows:

The information presented here that relates to Mineral Resources of the Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna deposits is based on information compiled by Dr Greg Shirliff of Toro Energy Limited (with the aid of Mega Uranium Limited geologists Mr Stewart Parker and Mr Robin Cox in the case of Lake Maitland) and Mr Robin Simpson and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate, and Dr Shirliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), Mr Guibal is a Fellow of the AusIMM and Mr Simpson is a Member of the Australian Institute of Geoscientists (AIG) and they have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Persons consent to the inclusion in this release of the matters based on the information in the form and context in which it appears.

<sup>2</sup> Refer to Competent Persons' Statement in this report. It can be confirmed that there has been no material change to resources of the Wiluna Project since the last reporting of the Wiluna Project's resources on the 20 November 2013.

<sup>3</sup> Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.

**APPENDIX 5B**  
**Mining exploration entity quarterly report**

**TORO ENERGY LTD**

ABN. 48 117 127 590

Quarter ended

June 2014

**Consolidated statement of cash flows (Note 6.0)**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(2,431)	(8,402)
(b) development	-	-
(c) production	-	-
(d) administration	(349)	(1,936)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	75	331
1.5 Interest and other costs of finance paid	(75)	(917)
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(2,780)</b>	<b>(10,924)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	(1,466)
(b) equity investments	-	-
(c) other fixed assets	(3)	(77)
1.9 Proceeds from sale of:		
(a) prospects	100	100
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net Investing cash flows</b>	<b>97</b>	<b>(1,443)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,683)</b>	<b>(12,367)</b>

1.13 Total operating and investing cash flows (brought forward)	(2,683)	(12,367)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc	500	8,321
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (Costs of share issue)	(26)	(47)
<b>Net financing cash flows</b>	<b>474</b>	<b>8,274</b>
<b>Net increase (decrease) in cash held</b>	<b>(2,209)</b>	<b>(4,093)</b>
1.20 Cash at beginning of quarter / year to date	9,360	11,244
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	<b>7,151</b>	<b>7,151</b>

<b>Payments to directors of the entity and associates of the directors related entities of the entity and associates of the related entities</b>		Current quarter \$A'000
<b>1.23</b>	Aggregate amount of payments to the parties included in item 1.2	169
<b>1.24</b>	Aggregate amount of loans to the parties included in item 1.10	-

<b>1.25</b>	Explanation necessary for an understanding of the transactions
	Directors' fees, wages, expenses and superannuation for the quarter

#### Non-cash financing and investing activities

<b>2.1</b>	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	Nil

<b>2.2</b>	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	Nil

<b>Financing facilities available</b>	Amount available \$A'000	Amount used \$A'000
<b>3.1</b>	Loan facilities (A\$12m debt facility)	12,000
<b>3.2</b>	Credit standby arrangements	-

<b>Estimated cash outflows for next quarter</b>	\$A'000
<b>4.1</b>	Exploration and evaluation: 815
<b>4.2</b>	Development -
<b>4.3</b>	Production -
<b>4.4</b>	Administration 1,183
	<b>Total</b> 1,998

<b>Reconciliation of cash</b>		
	Current quarter \$A'000	Previous quarter \$A'000
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		
<b>5.1</b>	Cash on hand and at bank 1,051	1,260
<b>5.2</b>	Deposits at call 6,100	8,100
<b>5.3</b>	Bank overdraft	
<b>5.4</b>	Other (provide details)	
	<b>Total: cash at end of quarter (item 1.22)</b> 7,151	9,360

Changes in interests in mining tenements					
		Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased		See Annexure 1		

#### Issued and quoted securities at end of current quarter


		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	<b>Preference securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>Ordinary securities</b>	1,565,492,158	1,565,492,158	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	8,474,576	8,474,576	\$0.059	\$0.059
7.5	<b>Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>			<u>Exercise Price</u>	<u>Expiry Date</u>
		4,120,000		\$0.22	2/02/2015
		24,390,244		\$0.12	1/11/2015
		3,680,000		\$0.22	3/01/2016
		5,000,000		\$0.22	11/01/2016
		1,000,000		\$0.30	11/01/2016
		35,714,286		\$0.08	7/03/2016
		42,253,521		\$0.14	7/03/2016
		250,000		\$0.15	25/05/2016
		250,000		\$0.22	25/05/2016
		750,000		\$0.11	30/06/2016
		500,000		\$0.22	30/06/2016
		750,000		\$0.25	30/06/2016
		9,300,000		\$0.13	31/07/2016
		225,000		\$0.13	25/08/2016
		5,750,000		\$0.11	16/01/2017
7.8	Issued during quarter				



7.9	Exercised during quarter				
7.10	Cancelled during quarter (expired)				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

### Compliance statement

- 1.0 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2.0 This statement does give a true and fair view of the matters disclosed.

  
 Sign here:.....  
 Company Secretary

Date: 31 Jul 2014

Print name: TODD ALDER .....

### Notes

- 1.0 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2.0 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3.0 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4.0 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5.0 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

**ANNEXURE 1**

## Changes in interest in mining tenements

Tenement reference	Nature of interest	Interest at beginning of quarter*	Interest at end of quarter
EL29396	Surrendered in full	100%	0%
EL26988	Surrendered in full	100%	0%
E80/3582	Surrendered in full	100%	0%
E80/3585	Surrendered in full	100%	0%
E80/3589	Surrendered in full	100%	0%
L53/0186	Surrendered in full	100%	0%