

# QUARTERLY ACTIVITIES REPORT

for period ending:  
**31 March 2016**

ACN: 117 127 590

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## 1. HIGHLIGHTS

Toro continues to focus on bringing the wholly owned Wiluna Uranium Project (“Wiluna” or the “Project”) in WA to market to coincide with forecast uranium pricing conditions that support development. Highlights of activities during for the quarter included:

1. The 12 week public comment period for the PER for an extension to the Wiluna Uranium Project<sup>1</sup> closed during February and Toro filed the Response to Submissions with the Office of the Environmental Protection Authority during April.
2. The Traditional Owner Agreement with the Wiluna People is in final drafting form. Heritage survey work was undertaken in March to support the agreement.
3. Expanded high grade resources at Wiluna Uranium Project (500ppm cut-off) following completion of geological analysis, resource estimation and 3D geological modelling. Wiluna now has a total resource of **84Mlb** (200ppm cut-off) with **40Mlb at 951ppm U<sub>3</sub>O<sub>8</sub>** (500ppm cut-off) across Centipede, Millipede, Lake Maitland and Lake Way.
4. Mining Pit optimisations for Centipede/Millipede and Lake Maitland have delivered the opportunity for a **head grade above 1000ppm and a 43% reduction in waste** mined at Centipede/Millipede.
5. Strategic Metallurgy has been appointed to assist Toro with metallurgical testwork, process design optimisation and capital and operating cost improvements for the project.
6. Uranium spot price declined US\$5.05 over the quarter closing at US\$29.15/lb. Long term prices remained steady at US\$44.00/lb.
7. Nuclear markets remain with an excess of uranium inventories, generated by the continued slow return of the Japanese reactor fleet, and continued primary production dominated by Kazakhstan, Canada and Australia.
8. Cash balance at end of the quarter was **\$12.2M**.
9. Minister for Mines, Hon Bill Marmion attended a site tour to Wiluna during February.

<sup>1</sup> The Centipede and Lake Way deposits have been approved by federal (EPBC 2009/5174) and state government (Ministerial Statement No. 913) subject to conditions.

## 2. Corporate and Finance

Toro continues to be profiled as a key new Australian producer in the growing markets of China, India and Middle East with presentations at conferences and to interested investors.

The Company released its Half Year Report and Accounts in March providing details on the July 2015 to December 2015 project developments and improved financial position of the Company.

A continued focus on cost containment has resulted in a number of cost saving and efficiency initiatives being deployed across the Company estimated at saving in excess of \$1M over the next 6 months.

The quarter end closing cash balance was \$12.2M.

## 3. Uranium Market

Global uranium production for 2015 was released listing Australia (15Mlbs) in third position behind Kazakhstan (61Mlbs) and Canada (34Mlbs).

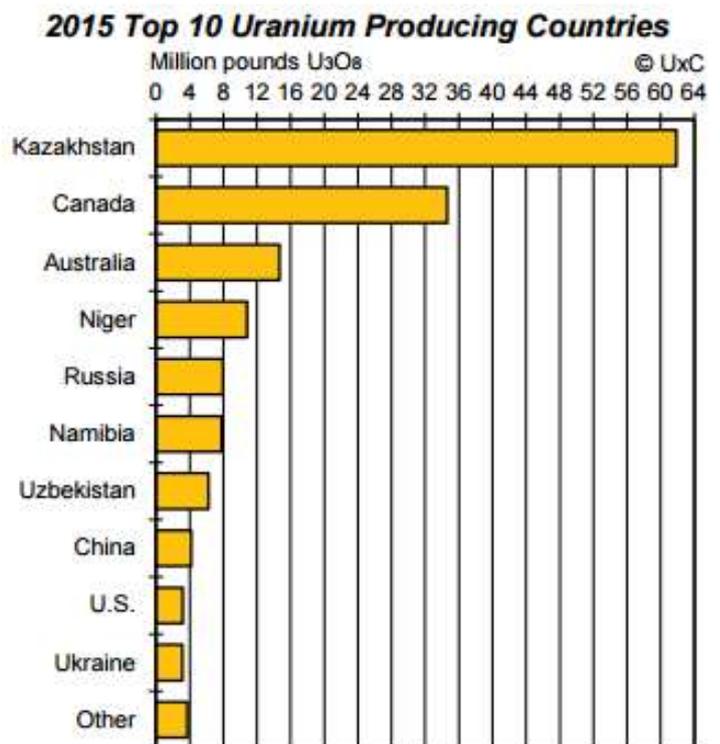
This was an increase of 13Mlbs (9%) largely driven by the ramp up of Cameco's Cigar Lake mine in Saskatchewan.

In April, Cameco announced a plan to scale back high cost production signalling the need to focus on lower cost production.

In 2015, new reactors with a total capacity of 9,497 MWe were connected to the grid—nearly double the nuclear power capacity added in 2014. New units were connected to the grid in China, Russia, and South Korea in 2015.

The Japanese nuclear fleet continues to be on hold. Nuclear power plants were unaffected by the magnitude 6 earthquake in March however the reactor restart program was frustrated by the local Otsu District Court injunction forcing the shutdown of 2 of the 4 restarted Japanese reactors units Takahama 3 and 4. Kansai Electric Power, the owner of the Takahama units, is appealing the court injunction. The Japanese Nuclear Regulatory Authority has begun its final prestart inspections at Shikoku's Ikata 3, Japan's anticipated 5th reactor to come back on line.

The Emirates Nuclear Energy Corp (ENEC) announced on-time, on-budget construction milestones for units 1 to 4 at the Barakah nuclear power plant in the UAE. Unit 1 is 87% complete with Units 2 to 4 being 68%, 47% and 29% complete respectively. Unit 1 is expected to be online in 2017, Unit 2 in 2018 and Units 3 and 4 by 2020.



## 4. Wiluna Uranium Project (WA)

### 4.1. Approvals and Community

The 12 week public review of Toro's PER for mining at Millipede and Lake Maitland was completed on 8 February 2016. To support the public review, Toro held public information sessions in Kalgoorlie, Leonora and Wiluna during January 2016. There were 59 individual submissions made on the PER and 2392 pro-forma submissions. Toro has prepared a response to all submissions and lodged it with the Western Australian Environmental Protection Authority in April as the next major step in the environmental assessment process. During preparation of the responses, Toro also held a briefing session with the Commonwealth Department of the Environment in Canberra.

During the quarter, negotiations continued for a mining agreement with the Wiluna /Tarlpa Native Title Holders. This included further heritage survey work in March to assist in the completion of a Cultural Heritage Management Plan. A final agreement has now been prepared for consideration at a meeting in late April and will cover land on which the project would be undertaken which is held in native title by the Wiluna People.

In February the West Australian Minister of Mines and Petroleum, Hon Bill Marmion, and the Director-General of the Department of Mines and Petroleum, Mr Richard Sellers, visited the Wiluna Project site. Toro provided a briefing on its current project work.

### 4.2. Resources

In the past two quarters significant resource upgrades have been achieved at the Centipede, Millipede and Lake Maitland deposits. Refer Appendix 1.

In October 2015 Toro reported a 20% increase in mineral resources at Centipede and Millipede. The Centipede/Millipede deposit hosts high grade mineral resources of **15.3Mlb** U<sub>3</sub>O<sub>8</sub> at an average grade of **1,021ppm** U<sub>3</sub>O<sub>8</sub> at a 500ppm cut-off. At a 200ppm cut-off resources at Centipede/Millipede total now **24.0Mlb** U<sub>3</sub>O<sub>8</sub>.

In February 2016 Toro reported high grade mineral resources at Lake Maitland increased to **16.9Mlbs** U<sub>3</sub>O<sub>8</sub> with an average grade of **929ppm** at a 500ppm cut-off.

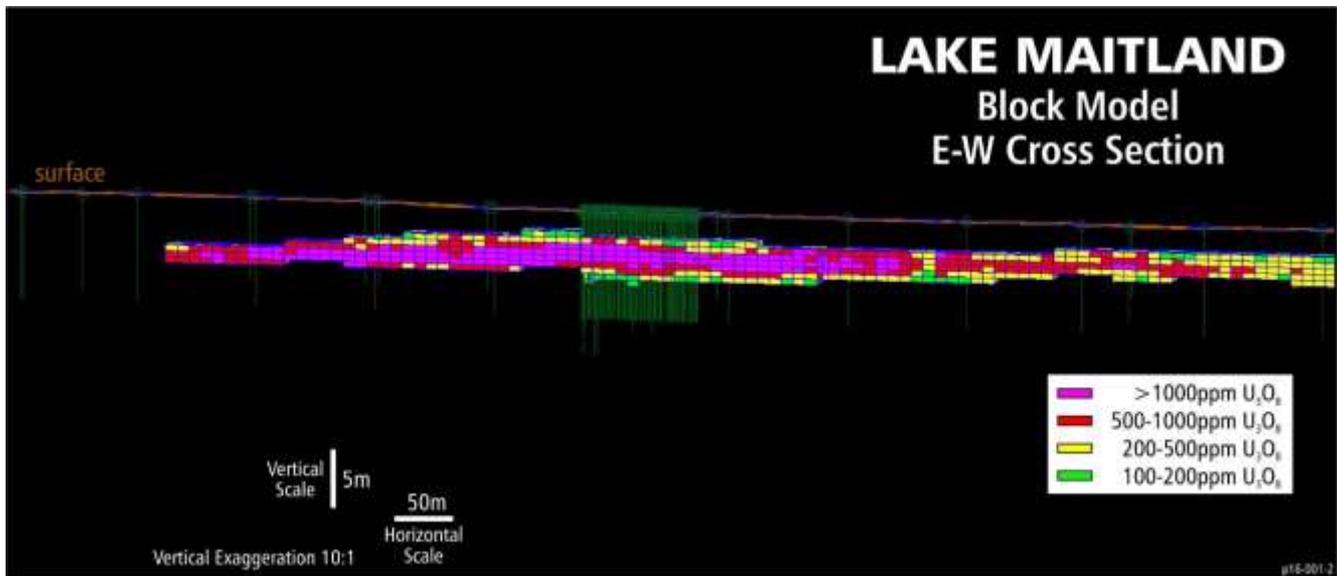
The Centipede / Millipede, Lake Maitland and Lake Way deposits, which form the basis of the Wiluna Uranium Project economic base case and permitting focus now host **40.4Mlbs** contained metal at an average grade of **951ppm** U<sub>3</sub>O<sub>8</sub> at a 500ppm cut-off.

A resource increase was also reported for the Nowthanna deposit which now total **11.9Mlb** contained U<sub>3</sub>O<sub>8</sub> at a 200 ppm cut-off. This increase adds to the Wiluna Project's regional resource base, which now stands at **84.0 Mlbs (200 ppm cut-off)**.

The extensive 2015 sonic core drilling program that has contributed to the increased resources at Centipede, Millipede and Lake Maitland has also provided a more definitive geological interpretation of the Wiluna deposits.

The improved geological understanding has demonstrated that the higher grade material occurs in consistent and contiguous lenses extending over hundreds of metres throughout the deposits. This enables mining activities to more accurately target areas for uranium recovery, thereby reducing the mining pit size. The resource block model at Lake Maitland shows continuous mineralisation at greater than 1,000 ppm U<sub>3</sub>O<sub>8</sub> over widths of some 500 metres (Figure 1).

Figure 1: Resource Block Model showing continuous mineralisation at Lake Maitland



### 4.3. Mining

The increased quality in the resources at Centipede and Millipede has allowed Toro to optimise its mining plans in the earlier years of planned operations for the project. Geological modelling and mine planning studies have highlighted mining scenarios that can deliver higher grades for significantly lower levels of waste mined. The first phase of studies at Centipede and Millipede has shown encouraging results including:

- A 12% increase in the grade of mining inventory material to above 1000ppm;
- A 31% decrease in the waste-to-ore strip ratio; and
- A 43% reduction in waste tonnes mined.

The mining inventory, including grades and contained U<sub>3</sub>O<sub>8</sub>, as well as volumes of material moved, are presented in Table 1. The increases to average mining grades, together with reductions in strip ratio and waste mined may have a material positive impact on the economics of Wiluna.

Table 2: Pit Optimisation Centipede and Millipede

	Total	Waste	Strip Ratio <sup>2</sup>	HG Inventory	Grade	Metal
	Mt	Mt		Mt	ppm	Mlb U <sub>3</sub> O <sub>8</sub>
March 2016 model	23.7	15.9	2.0	5.5	1,005	12.1
January 2014 model	37.3	27.9	3.0	6.1	895	12.0

Pit optimisation and mine inventory studies for the Lake Maitland deposit have been refined with a consistent head grade, recovered metal and mine inventory being maintained.

<sup>2</sup> Strip ratio includes low grade inventory

## 4.4. Metallurgy, Process Design and Engineering

Optimisation studies based on the upgrade resource have commenced. These include reassessment of process flow sheet design, targeting potential upgrades to processing technology to improve uranium extraction and recovery.

These current studies, which build on the significant technical work completed to date at Wiluna include:

- Potential improvements to mill head grade through beneficiation technologies;
- Investigation into alternate uranium recovery techniques;
- Reducing reagent consumption; and
- Water recovery and improved tailings.

Toro has appointed metallurgical consultants, Strategic Metallurgy, to lead the process optimisation studies program at the Wiluna Uranium Project, with the aim of improving the process flow sheet and main processing plant design to ultimately deliver improved capital and operational costs.

Toro is currently negotiating the next phase of potential testwork on the applicability of Marenica's *U-pgrade*<sup>TM</sup> technology to Wiluna ores. Testwork in 2015 showed encouraging results, including rejection of 15% of mass with minimal loss of uranium. The deslimed product also exhibited significantly improved physical characteristics which has the potential to reduce critical equipment size in the plant. Toro is now investigating extensions to these studies.

## 5. Exploration

Toro continues to work towards meeting the conditions precedent to the Heads of Agreement (HoA) with Oz Minerals Ltd for nickel exploration on two exploration tenements in the Lake Maitland land package. (Refer Appendix 1).

The Joint Venture is targeting the Yandal One nickel prospect where shallow rotary air blast drilling in the 1990's by prior tenement holders showed nickel grades of up to 0.45% average over 5 metres from end of hole. Further follow-up exploration was not conducted.

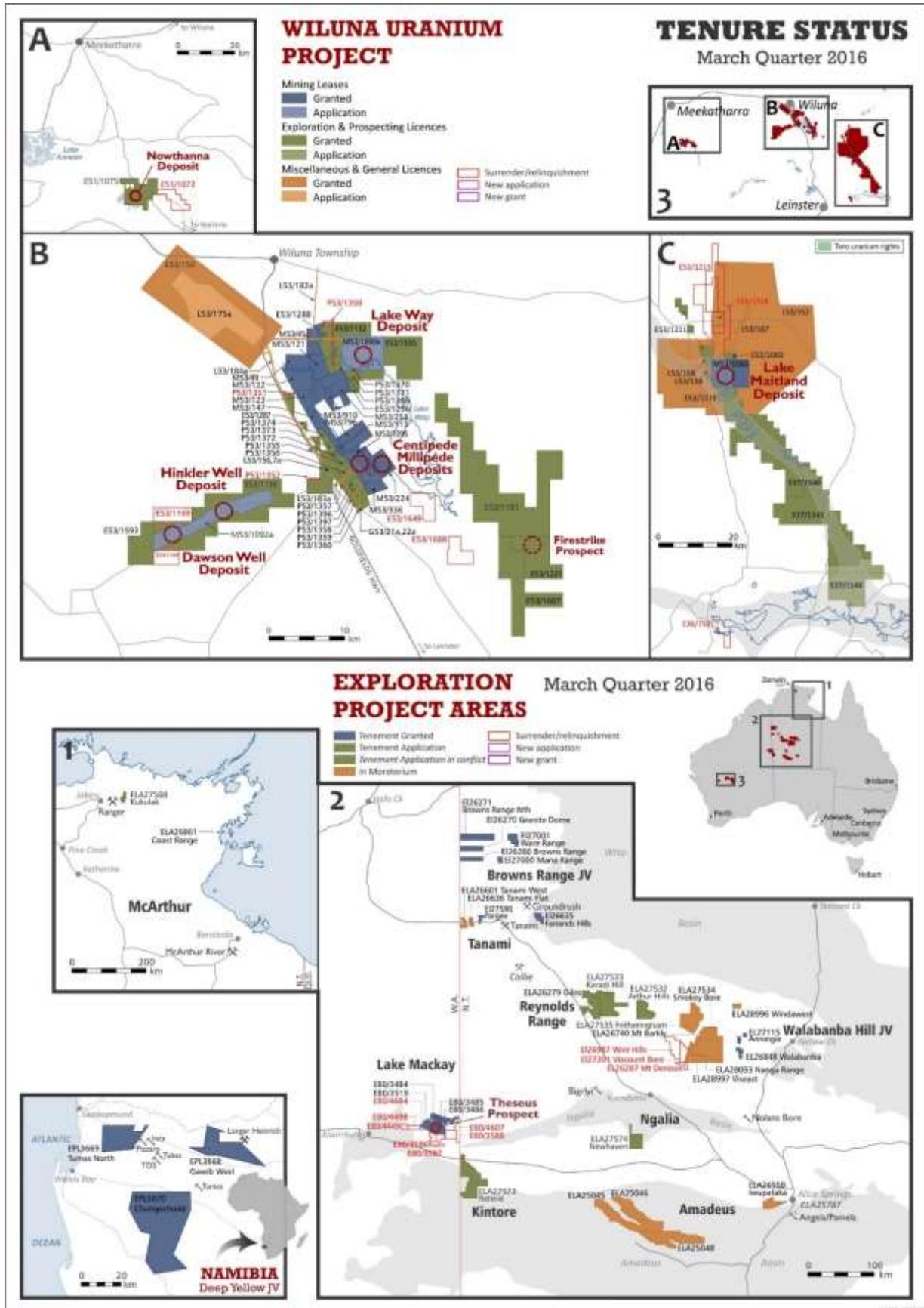
Toro sold its remaining 49% interest in four exploration tenements in the Browns Range region of the Northern Territory to Northern Minerals for shares in Northern Minerals equivalent to \$200,000 cash.

Exploration tenements and applications in the Northern Territory were sold during the quarter to TNG Limited at Walabanba Hill (targeting base metals), and in Arnhem Land to Rio Tinto Exploration.

## 6. Tenement Movements

An updated tenement status map is attached at Appendix 1.

**APPENDIX 1: Tenement Status Map**



## APPENDIX 2: Wiluna Uranium Project Resource Table - JORC 2012

Wiluna Uranium Project Resources Table (JORC 2012)									
		Measured		Indicated		Inferred		Total	
		200ppm	500ppm	200ppm	500ppm	200ppm	500ppm	200ppm	500ppm
Centipede / Millipede	Ore Mt	4.9	1.9	12.1	4.5	2.7	0.4	19.7	6.8
	Grade ppm	579	972	582	1,045	382	887	553	1,021
	U <sub>3</sub> O <sub>8</sub> Mlb	6.2	4.2	15.5	10.3	2.3	0.9	24.0	15.3
Lake Maitland	Ore Mt	-	-	22.0	8.2	-	-	22.0	8.2
	Grade ppm	-	-	545	929	-	-	545	929
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	26.4	16.9	-	-	26.4	16.9
Lake Way	Ore Mt	-	-	10.3	4.2	-	-	10.3	4.2
	Grade ppm	-	-	545	883	-	-	545	883
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	12.3	8.2	-	-	12.3	8.2
Sub-total	Ore Mt	4.9	1.9	44.3	16.9	2.7	0.4	52.0	19.2
	Grade ppm	579	972	555	948	382	887	548	951
	U <sub>3</sub> O <sub>8</sub> Mlb	6.2	4.2	54.2	35.3	2.3	0.9	62.7	40.4
Dawson Hinkler	Ore Mt	-	-	8.4	0.9	5.2	0.3	13.6	1.1
	Grade ppm	-	-	336	596	282	628	315	603
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	6.2	1.1	3.2	0.4	9.4	1.5
Nowthanna	Ore Mt	-	-	-	-	13.5	2.6	13.5	2.6
	Grade ppm	-	-	-	-	399	794	399	794
	U <sub>3</sub> O <sub>8</sub> Mlb	-	-	-	-	11.9	4.6	11.9	4.6
Total	Ore Mt	4.9	1.9	52.7	17.8	21.4	3.3	79.0	23.0
	Grade ppm	579	972	520	931	368	765	482	916
	U <sub>3</sub> O <sub>8</sub> Mlb	6.2	4.2	60.4	36.4	17.4	5.5	84.0	46.4

### Competent Persons' Statement

#### Wiluna Project Mineral Resources - 2012 JORC Code Compliant Resource Estimates - Centipede, Millipede, Lake Way, Lake Maitland, Dawson Hinkler and Nowthanna Deposits

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 Shirtliff and Mr Sebastian Kneer of Toro Energy Limited and Mr Daniel Guibal of SRK Consulting (Australasia) Pty Ltd. Mr Guibal takes overall responsibility for the Resource Estimate and Dr Shirtliff takes responsibility for the integrity of the data supplied for the estimation. Dr Shirtliff is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mr Guibal is a Fellow of the AusIMM 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.

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

**TORO ENERGY LTD**

**ABN. 48 117 127 590**

Quarter ended  
**March 2016**

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

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(875)	(3,987)
(b) development	-	-
(c) production	-	-
(d) administration	(369)	(1,545)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	93	526
1.5 Interest and other costs of finance paid	-	(204)
1.6 Income taxes paid	-	-
1.7 Other - R&D refund	-	774
<b>Net Operating Cash Flows</b>	<b>(1,151)</b>	<b>(4,436)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(62)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	3	20
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net Investing cash flows</b>	<b>(1)</b>	<b>(42)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,152)</b>	<b>(4,478)</b>
1.13 Total operating and investing cash flows (brought forward)	<b>(1,152)</b>	<b>(4,478)</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	6,000
1.17 Repayment of borrowings	-	(12,000)
1.18 Dividends paid	-	-
1.19 Other (loan transaction costs)	-	(198)
<b>Net financing cash flows</b>	<b>-</b>	<b>(6,198)</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,152)</b>	<b>(10,676)</b>
1.20 Cash at beginning of quarter / year to date	13,363	22,887
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	<b>12,211</b>	<b>12,211</b>

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

## 1.25 Explanation necessary for an understanding of the transactions

Directors' fees, wages, expenses and superannuation for the quarter

**Non-cash financing and investing activities**

## 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

## 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available	Amount available \$A'000	Amount used \$A'000
	3.1 Loan facilities	6,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter	\$A'000
4.1 Exploration and evaluation:	1,770
4.2 Development	-
4.3 Production	-
4.4 Administration	282
Total	2,052

Reconciliation of cash	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.		
5.1 Cash on hand and at bank	2,111	1,763
5.2 Deposits at call	10,100	11,600
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>12,211</b>	<b>13,363</b>

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>	2,005,222,259	2,005,222,259	Fully paid	Fully paid
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs				
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>
		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
		75,000,000		\$0.08	2/08/2018
	<b>Performance Rights</b>	4,167,746		\$0.00	30/09/2016
		2,550,619		\$0.00	30/09/2016
7.8	Issued during quarter <b>Options</b>  <b>Performance Rights</b>				

7.9	Exercised during quarter <b>Performance Rights</b>				
7.10	Cancelled during quarter <b>Expired Options</b>	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
	<b>Expired Performance Rights</b>				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

### 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: 29 Apr 2016

TODD ALDER

Print name: .....

### 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
G53/23	New tenement	0%	100%
E53/1858	New tenement	0%	100%
E36/0750	Surrendered in full	100%	0%
E53/1169	Surrendered in full	100%	0%
E53/1649	Surrendered in full	100%	0%
E53/1688	Surrendered in full	100%	0%
E80/3586	Surrendered in full	100%	0%
E80/3587	Surrendered in full	100%	0%
E80/3588	Surrendered in full	100%	0%
E80/4449	Surrendered in full	100%	0%
E80/4498	Surrendered in full	100%	0%
E80/4607	Surrendered in full	100%	0%
E80/4664	Surrendered in full	100%	0%
EL26987	Surrendered in full	100%	0%
EL27301	Surrendered in full	100%	0%
P53/1350	Expired	100%	0%
P53/1351	Expired	100%	0%
P53/1352	Expired	100%	0%
P53/1358	Expired	100%	0%
P53/1359	Expired	100%	0%
P53/1360	Expired	100%	0%
E51/1072	Partial surrender - 14 blocks surrendered - 21 blocks remaining	100%	100%