

# QUARTERLY ACTIVITIES REPORT

for period ending:

## 30 June 2016

ACN: 117 127 590

33 Richardson Street, West Perth WA 6872

E: [info@toroenergy.com.au](mailto:info@toroenergy.com.au) W: [www.toroenergy.com.au](http://www.toroenergy.com.au)

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## 1. HIGHLIGHTS

1. The Office of the WA Environmental Protection Authority (OEPA) accepted Toro's Response to Submissions document following the 12 week public comment period for the Public Environmental Review (PER) for an extension to the Wiluna Uranium Project<sup>1</sup>.
2. The Chairman of the Environmental Protection Authority of Western Australia (EPA), Dr Tom Hatton, fellow Board member Glen McLeod, and assessing officers from the OEPA visited the Wiluna Project site on 3 June.
3. A mining agreement with the Wiluna People has been ratified by a community meeting, signed and has taken immediate effect.
4. Beneficiation results at Lake Maitland showed a **four and a half times** upgrade in the effective grade of the beneficiated concentrate to **9,968 ppm**. Beneficiation testwork program has been expanded to a scoping study level.
5. Both spot and long-term uranium price declined over the quarter and closed at US\$27.00/lb and US\$38.00/lb respectively.
6. Cash balance at end of the quarter was **\$10.4M**.
7. H2 2016 cash receipts from R&D tax incentive refunds and non-core asset sales estimated to be in excess of \$2.5M.
8. Vanessa Guthrie was appointed Chair of the Minerals Council of Australia.

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## 2. Corporate and Finance

The quarter end closing cash balance was \$10.4M with H2 2016 cash receipts from R&D tax incentive refunds and non-core asset sales estimated to be in excess of \$2.5M.

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<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.

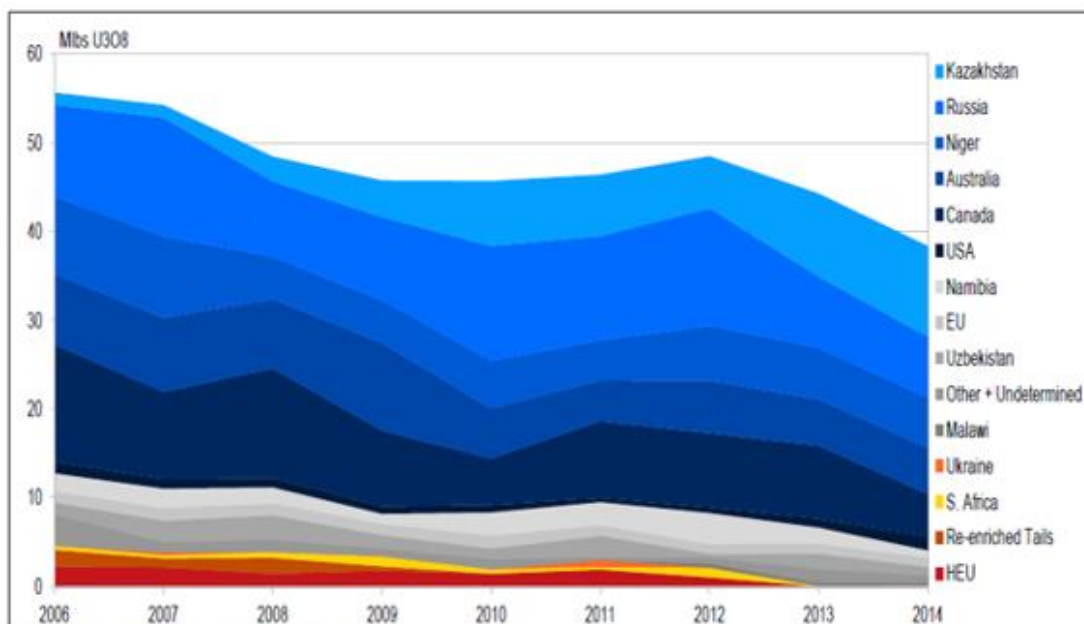
Toro's Managing Director was appointed to the Chair of the Minerals Council of Australia in June for a period of two years.

### 3. Uranium Market

Inventory overhang continues to frustrate uranium price recovery. Despite this a number of encouraging demand side news items appeared over the quarter including:

- Russia and Bangladesh signed a US\$11.4B loan agreement paving the way for main construction work on the 2.4Gwe Rooppur Nuclear power Plant;
- Shikoku Electric Power Company loaded nuclear fuel into its Ikata Unit 3 plant, paving the way for a resumption to commercial operation in mid August as Japan's fifth reactor reactivated since the Fukushima accident (note that 2 reactors Takahama 1 and 2 were forced to close shortly after reactivation due to court injunction which is likely to be appealed in the High Court);
- French Economy Minister Macron urged state controlled power utility Électricité de France (EDF) to make the final investment decision to go ahead with the £18 billion (US\$24 billion) Hinkley Point C nuclear power project in UK despite the country's vote to leave the EU;
- NuGen, the consortium behind the three-reactor Moorside plant in Britain, pledged that "Brexit" would not derail multi-billion pound plans for a new nuclear power station in west Cumbria, England; and
- International Energy Agency report that nuclear power capacity additions hit 10.2GWe in 2015, the highest growth in 25 years driven by construction of new nuclear power plants, mainly in China.

Euratom Supply Agency published its Annual Report highlighting Australia's continued role as an important supplier of uranium into the EU.



Source: Euratom Supply Agency

## 4. Wiluna Uranium Project (Western Australia)

### 4.1. Approvals and Community

Toro completed a Response to Submissions document to address all issues raised during the 12 week public review of the PER for mining at Millipede and Lake Maitland. There were 59 individual submissions made on the PER and 2392 pro-forma submissions. Subsequent to the reporting date, the OEPA advised Toro that its Response to Submissions had been accepted for consideration by the EPA Board which will now provide a report and recommendations to the Western Australian Environment Minister. To inform the EPA's assessment, the Chairman, Dr Tom Hatton, fellow Board member Glen McLeod and assessing officers from the OEPA visited the Wiluna Project site on 3 June.

During the quarter, negotiations were finalised for a mining agreement with the Wiluna /Tarlpa Native Title Holders. After seven years of negotiation, the agreement was ratified by a community meeting at Wiluna on 6 July and has taken immediate effect. The agreement is comprehensive and provides compensation for effects of the Project on native title and cultural heritage, as well as covering a range of other important issues including environmental management and protection, liaison between Toro and the Native Title Holders, and employment and business development opportunities. The agreement also includes a detailed Cultural Heritage Management Plan. The agreement covers proposed mining at Millipede, Centipede and Lake Way as well as the project infrastructure and processing facilities.



*The Wiluna People*

*(L-R Alan Ashwin, Vanessa Guthrie (Managing Director - Toro Energy), Dallas Harris, Vera Armstrong, Kelman Patch, Victor Ashwin)*

Toro is also engaging with the Barwidgee People who claim an interest in land on which mining at Lake Maitland is proposed to be undertaken after the Millipede and Centipede deposits have been mined.

### 4.2. Project Development

Based on significant resource upgrades at the Centipede, Millipede and Lake Maitland deposits during 2016, a re-interpretation of the geology of the 'calcrete hosted' uranium deposits was completed during the quarter which has revealed an opportunity for beneficiation.

There are two key findings that facilitate beneficiation:

- The Wiluna calcrete hosted uranium deposits are not restricted to and thus hosted by 'calcrete', in fact there is very little 'calcrete' within the areas of economic mineralisation at all; and
- When there is little to no calcrete (concretions of carbonate) the uranium mineralisation (the ore mineral Carnotite) is often concentrated to a certain fine grained size fraction slightly larger than clay (<5.5 microns) and so can be isolated by the use of screens and cyclones.

Re-interpretation of the Wiluna deposits indicates they should be thought of as concentrations of uranium formed along continuous shallow groundwater channel systems loaded with Mg-Ca carbonate. That is the uranium mineralisation is related to a shallow carbonate groundwater 'system' from which calcrete or most commonly, dolocrete, can also form but to which the uranium is not always related.

The definitive common host to all deposits are the shallow sediments through which the carbonate groundwater system flows. These sediments comprise a mixture of clays, silts and sands in varying proportions dependent upon the particular environment in which they have been deposited. Large areas of the deposits previously represented by the 'calcrete' lithology unit are now represented by 'clay sediment', 'fine grained sediments with minor concretions of carbonate and silica' and 'semi-consolidated carbonate and silica with clay'.

Beneficiation steps in the process flow sheet were not considered by Toro during past feasibility studies. The aim of the beneficiation process is to recover and concentrate uranium to a lower mass, higher grade concentrate. This will enable a smaller downstream processing plant due to the lower mass and potentially higher percent solids throughout the refinery.

During the quarter Toro undertook a preliminary beneficiation testwork on a sample from the dominant geology within the Lake Maitland deposit. The process resulted in an increase of four and a half times in the effective grade of the beneficiated concentrate to **9,968 ppm (1.00%<sup>2</sup>)** compared to the feed grade of the sample of **2,209 ppm (0.20%) U<sub>3</sub>O<sub>8</sub>**. Screens and cyclones were used to reject 80% of the total mass whilst maintaining 90% of the total uranium (recovery).

A further six samples are now being tested from the Centipede, Millipede and Lake Maitland deposits to understand how beneficiation may apply to various types of lithologies from each of these deposits. Results are expected in the September quarter.

## 5. Exploration

Toro continues to work towards meeting the conditions precedent to the Heads of Agreement (HoA) with OZ Minerals Ltd for a joint venture on 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.

Further rationalisation of exploration tenements that are prospective for minerals other than uranium is continuing.

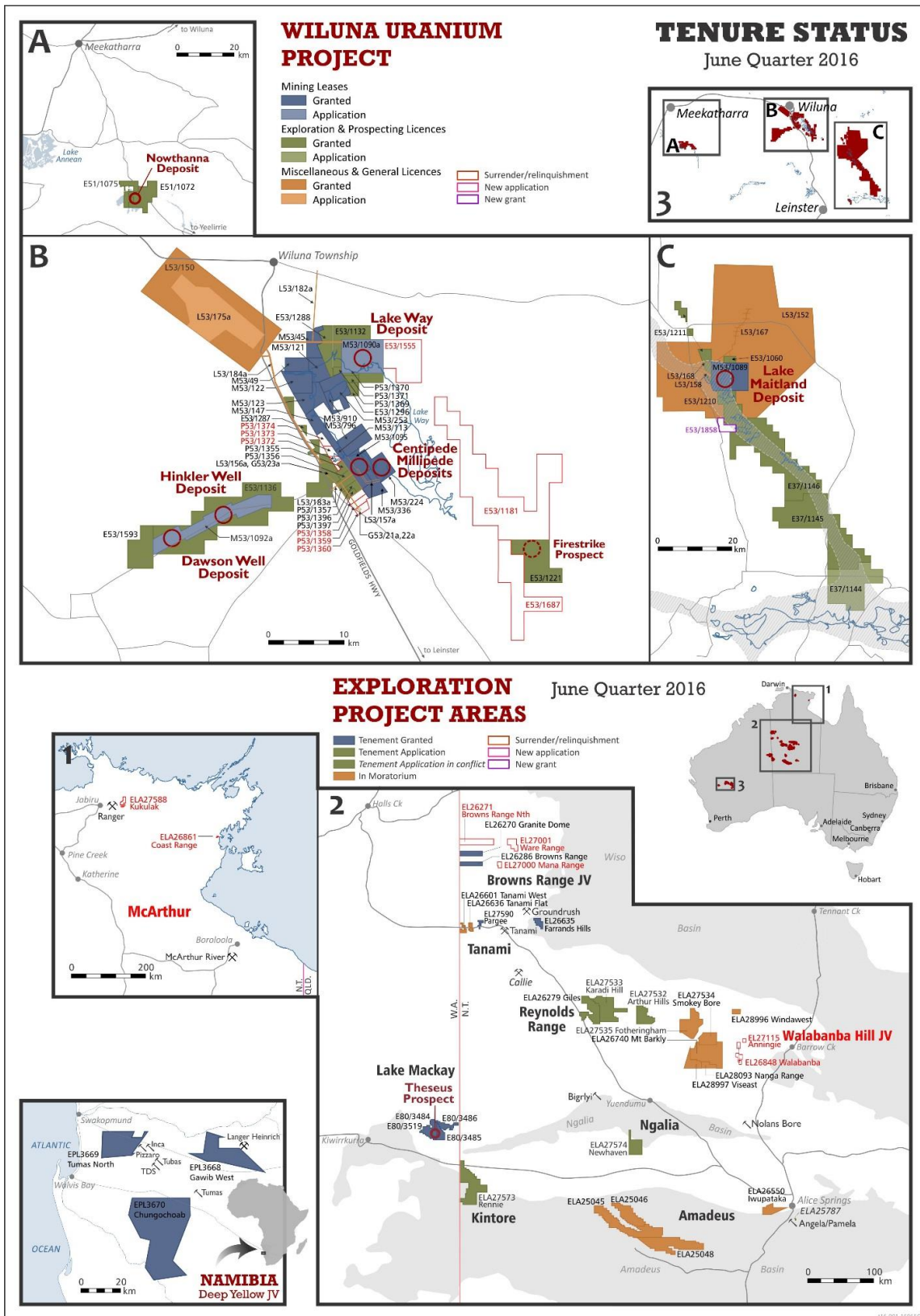
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<sup>2</sup> Two decimal points

## 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	986	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	986	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  
**June 2016**

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

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(1,645)	(5,632)
(b) development	-	-
(c) production	-	-
(d) administration	(287)	(1,832)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	42	568
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>(1,890)</b>	<b>(6,326)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(65)
1.9 Proceeds from sale of:		
(a) prospects	55	55
(b) equity investments	-	-
(c) other fixed assets	-	20
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net Investing cash flows</b>	<b>52</b>	<b>10</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,838)</b>	<b>(6,316)</b>
1.13 Total operating and investing cash flows (brought forward)	<b>(1,838)</b>	<b>(6,316)</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>(1,838)</b>	<b>(12,514)</b>
1.20 Cash at beginning of quarter / year to date	12,211	22,887
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 <b>Cash at end of quarter</b>	<b>10,373</b>	<b>10,373</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

157



1.24 Aggregate amount of loans to the parties included in item 1.10

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

Estimated cash outflows for next quarter	\$A'000
4.1 Exploration and evaluation:	988
4.2 Development	-
4.3 Production	-
4.4 Administration	625
<b>Total</b>	<b>1,613</b>

Reconciliation of cash	Current quarter	Previous quarter
	\$A'000	\$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	1,473	2,111
5.2 Deposits at call	8,900	10,100
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>10,373</b>	<b>12,211</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>	2,005,354,713	2,005,354,713	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	132,454	132,454	\$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>
	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>	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
<b>Expired Performance Rights</b>				
7.11 <b>Debentures</b> <i>(totals only)</i>				
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: 29 Jul 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
L53/205	Application	100%	0%
E53/1213	Forfeiture of Title	100%	0%
E53/1214	Forfeiture of Title	100%	0%
EL26271	Surrender	100%	0%
EL27000	Surrender	100%	0%
EL27001	Surrender	100%	0%
E53/1687	Surrender	100%	0%
E53/1181	Surrender	100%	0%
E53/1555	Surrender	100%	0%
P53/1373	Surrender	100%	0%
P53/1374	Surrender	100%	0%
P53/1371	Surrender	100%	0%
E53/1296	Surrender	100%	0%