



ASX RELEASE

30th January 2014

STUDIES CONFIRM COMBINED WILUNA URANIUM PROJECT IMPROVEMENTS

Uranium developer Toro Energy Limited (ASX: TOE) (**Toro**) today announced the completion of an independent Mining Scoping Study and a Preliminary Economic Assessment¹ integrating the newly acquired Lake Maitland deposit into the Wiluna Uranium Project in Western Australia.

Based solely on mining at the already approved Centipede and Lake Way deposits and the yet to be approved Millipede and Lake Maitland deposits, the studies have confirmed:

- An initial operations life of 16 years;
- 20.1Mt ore mined @ **799** parts per million (ppm), including 15.9Mt ore @ **907**ppm;
- Processing head grade: **883ppm** average over the first 10 years;
- Total production at life of mine recovery of 85.6% – **30.2Mlb** U₃O₈;
- Average annual production over the first 10 years – **2.0Mlb** U₃O₈; and
- Average C1² cost for life of project of **US\$31.1/lb**.

Toro will soon initiate the government assessment and approval process for both Millipede and Lake Maitland deposits.

The studies include process plant design information and capital costs from the Phase I definitive feasibility study completed in November 2012 and a new independent mining scoping study completed by Tetra-Tech Proteus.

The strategic acquisition of Lake Maitland, completed in November 2013, provided Wiluna with additional high grade resources to add to those at Centipede, Millipede and Lake Way. The mining study re-assessed the mining plan based on a high-grade mining scenario incorporating the Centipede, Lake Way, Millipede and Lake Maitland deposits.

“The new results validate Toro’s project development work in 2013, in particular the drilling that delivered resource upgrades at each of Centipede, Millipede and Lake Way as well as the acquisition of Lake Maitland,” Toro’s Managing Director, Dr Vanessa Guthrie, said today.

¹ The inputs to the engineering studies and outputs from it have been applied to a preliminary economics assessment financial model. Ore Reserves are yet to be determined and accordingly Toro makes no claim as to economic viability or project value in this release.

² C1 operating cost includes all mining, processing, site administration and transport costs but excludes royalties and any sales adjustments. Calculated by reference to the A\$:US\$ forward curve as at 16th January 2014.

“The studies have also shown that under suitable market conditions, lower cut-off grades would allow the exploitation of the 200ppm cut-off resources at these deposits. Moreover, there remains further upside potential at Wiluna as the mining study does not include the Indicated and Inferred Resources at the project’s Dawson Hinkler and Nowthanna deposits which could extend the total mine life well beyond 20 years.”

“Pleasingly, these results have been achieved without affecting the processing facility throughput or development approvals in place at Centipede and Lake Way. Toro also understands the need for further government approvals to advance an extended Wiluna Project, and our immediate priority is to refer the Millipede and Lake Maitland deposits for State and Federal government environmental assessment. These will add to those already secured for mining at Centipede and Lake Way.”

Toro has also determined additional initial capital will be required, including \$27M to acquire and operate a mining fleet under an owner operator mining scenario. Total capital costs will be confirmed during the definitive feasibility study.

Dr Guthrie said Toro’s goal was to continue to position itself as one of the few mining companies capable of bringing a cost competitive, sustainable, low sovereign risk project to market at a time when uranium prices are forecast to significantly lift in the second half of this decade.

The continued construction of new nuclear capacity in China and elsewhere in the world, planned re-start of Japanese reactors and the conclusion in December 2013 of the secondary supply “megatons to megawatts” program bode well for stronger future U₃O₈ prices.

“During 2014 Toro will pursue the further necessary government environmental approvals and progress funding arrangements with potential partners to underpin project financing and product offtake agreements,” Dr Guthrie said.



Vanessa Guthrie
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MINING SCOPING STUDY AND PRELIMINARY ECONOMIC ASSESSMENT

Engineering firm Tetra Tech Proteus (Tt Proteus) has completed the independent Mining Scoping Study that is the basis for Toro's Preliminary Economic Assessment.

Tt Proteus has revised the conceptual pit designs and new mine production schedules for Centipede, Millipede, Lake Maitland and Lake Way. Whittle pit optimizations were generated based on revised geological block models that defined the JORC Resources at Wiluna (which were published in November 2013), economic assumptions and estimates of operating costs provided by Toro.

The Scoping Study incorporates all the Measured and Indicated Resources at the Centipede, Millipede, Lake Maitland and Lake Way deposits. These deposits are expected to form the basis of a future development decision for Wiluna, subject to further government. The Dawson Hinkler and Nowthanna deposits, which contain Indicated and Inferred Resources, have not been included in the mine plan at this stage.

The overall mine scheduling work is regarded as scoping study level of accuracy although many aspects of the mine planning such as operating cost estimates (which were provided by Toro), material classifications and pit designs are completed to a higher level.

The Lake Maitland project is the subject of a joint venture arrangement between Toro and Japanese utilities JAURD and trading house IMEA. The project partners own an option to earn a 35% interest in Lake Maitland for US\$39 million and will continue to monitor the progress of activities at Lake Maitland.

Resources

The Wiluna Project consists of six calcrete associated surficial uranium deposits. Total Resource inventory at Wiluna at a 500ppm cut-off is **42.3Mlb U₃O₈ at 898ppm**.

Four of the six deposits - Centipede, Millipede, Lake Maitland and Lake Way - contain **36.7Mlb U₃O₈ at 930ppm** at a 500ppm cut-off, of which 98% of the Resource is in a Measured or Indicated category.

Current Resources Table ³ Wiluna Uranium Project In accordance with JORC 2012 ⁴							
		Measured and Indicated		Inferred		Total	
		200 ppm Cut-off	500ppm Cut-off	200 ppm Cut-off	500ppm Cut-off	200 ppm Cut-off	500ppm Cut-off
Centipede, Millipede, Lake Maitland, Lake Way	Tonnes (Mt's)	45.1	17.6	1.9	0.4	47.0	17.9
	Grade (ppm)	553	930	382	887	546	930
	Mlb's U ₃ O ₈	55.0	36.0	1.6	0.7	56.6	36.7
Dawson Hinkler, Nowthanna	Tonnes (Mt's)	8.4	0.9	17.1	2.6	25.5	3.4
	Grade (ppm)	336	596	364	779	354	732
	Mlb's U ₃ O ₈	6.2	1.1	13.7	4.4	19.9	5.5
Total Wiluna Project	Tonnes (Mt's)	53.5	18.5	19.0	2.9	72.5	21.3
	Grade (ppm)	519	915	365	791	479	898
	Mlb's U ₃ O ₈	61.2	37.1	15.3	5.1	76.5	42.3

³ Refer ASX announcement released 20th November 2013 for full details.

⁴ Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.

Mining

The optimal Whittle shell generates the following mining inventory:

Mining Inventory Table									
Deposit	Total Ore Mined '000t's	Grade Ppm	High Grade Ore Mined '000t's	Grade ppm	Low Grade Ore Mined '000t's	Grade ppm	Contained U ₃ O ₈ Mlb's	Waste '000t's	Strip Ratio X
Centipede / Millipede	9,415	709	6,055	895	3,360	373	14.7	27,901	2.96
Lake Maitland	7,054	927	7,054	927	-	-	14.4	26,427	3.75
Lake Way	3,584	792	2,825	884	759	404	6.2	21,012	5.86
Total	20,053	799	15,934	907	4,119	379	35.3	75,340	3.75

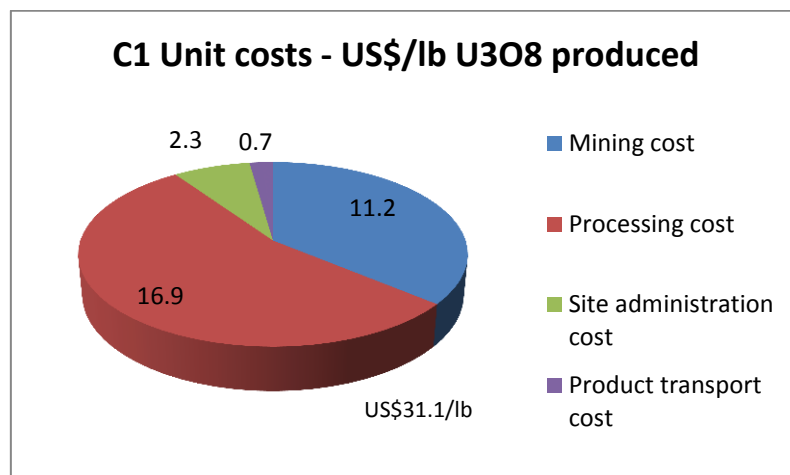
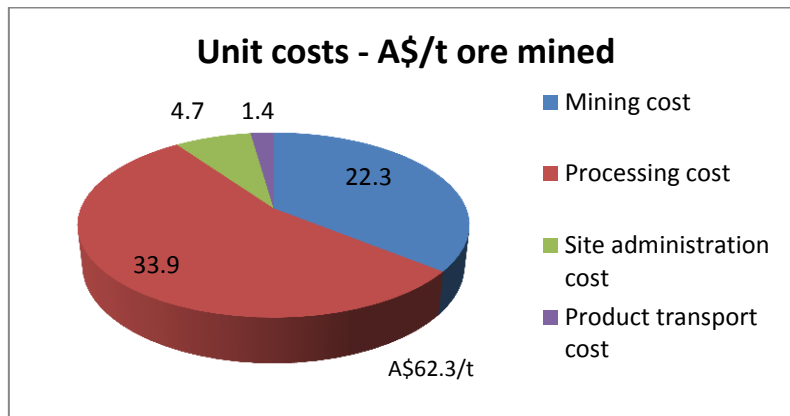
The mining methodology adopted incorporates selective breakage of ore with a surface miner to minimise costs and grade control to differentiate high and low grade ore. Waste and overburden will be bulk mined to minimise cost as appropriate. Internally within ROM, selective stockpiling of high and low grade ore enables preferential processing of high grade ore and the mining schedule has been developed to ensure that high grade ore is continuously available. Mining dilution of 5% and a mining recovery of 95% were applied to ensure a realistic grade and ore presentation.

Key Assumptions Applied to the Mining Scoping Study and Preliminary Economic Assessment

- Mine plan: As summarized in the Mining Inventory Table above. The mine plan provides annual material movements for each of Centipede, Millipede, Lake Maitland and Lake Way based on the optimized pit designs for each deposit. The Mining Inventory and mine plan has been applied to Toro's economic model. Included in the Mining Inventory of 35.3Mlb of contained U₃O₈ is between 0.67 and 0.96Mlb's of contained U₃O₈ which has been derived from Inferred Resources at Millipede. These are not considered material to the economic model.
- Economic assumptions: Whittle pit optimizations were modelled using a long term U₃O₈ price of **US\$70/lb**, a price considered by commodity price forecasters as being the incentive price required for new primary U₃O₈ production to be financed and brought to market. As the Wiluna Project moves toward project financing, Toro has applied the US\$:A\$ foreign currency forward curve⁵ to its financial model. The forward curve has been applied through to March 2024 then held constant through 2032 where required to show forecasts in US\$. The economic model assumes first production at Wiluna in 4th quarter 2016, however this timetable is contingent upon a variety of tasks being successfully completed including, but not limited to, a final definitive feasibility study, full project financing, construction and any further necessary approvals.
- Operating costs: Toro considers owner operator mining to provide a more cost effective and efficient mining approach than the contract mining philosophy adopted for previous studies. Operating mining costs have been estimated based on third party correspondence (without formally tendering) and benchmarked against like operations. Costs have been sought for all types of material movements at each of the four modelled deposits including ore, waste, overburden, rehabilitation and void generation for tailings.
- Processing and site administration costs determined in the November 2012 Phase I definitive feasibility study have been applied to the Study as those costs remain relevant and there has been no adjustment to the proposed process flow sheet. Metallurgical recoveries determined through pilot plant testwork and included in the 2012 Phase I definitive feasibility study remain valid.

⁵ Per Bloomberg as at 16th January 2014

Applying estimates of operating costs to the proposed mine plan, a life of mine cash operating cost of **A\$62.3/t** ore mined is estimated, which translates into a life of mine “C1” cash operating cost of **US\$31.1/lb** of U₃O₈. Key components of these costs are as follows:



- Initial Project Capital Cost: In November 2012 Toro and Bateman Engineering completed process engineering and design work for the proposed 1.3Mtpa plant at Wiluna. This engineering work was completed to a definitive feasibility study standard (Phase I DFS). Total start-up capital cost for Wiluna, inclusive of EPCM and contingency, was estimated at A\$269M.

Toro has completed a needs analysis of the mining fleet and associated infrastructure required to effectively mine the Wiluna deposits and sought third party (without formally tendering) equipment pricing. The initial capital cost estimate for the pre-strip and operations mining fleet, light vehicles, workshops, grade control and pre-production rigs is estimated at A\$27.3M.

Phase 2 of the feasibility study remains to be completed. The scope will include the design, plan and costing of the infrastructure and mining areas, complete and price the final plant design and confirm the project execution schedule.

With the addition of the capital cost associated with the owner operator mining fleet, further infrastructure items identified and contingency, total start-up capital cost is currently estimated at A\$315.6M.

Capital cost will become a strong focus of value engineering work in 2014.

COMPETENT / QUALIFIED PERSONS' STATEMENTS

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.

DISCLAIMER

This announcement has been prepared by Toro. The information contained in this announcement is a professional opinion only and is given in good faith. Certain information in this document has been derived from third parties and though Toro has no reason to believe that it is not accurate, reliable or complete, it has not been independently audited or verified by Toro.

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