UNEARTHING OPPORTUNITIES: INVESTING IN URANIUM

BRI Conference
September 2014
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Outline

- Uranium and Nuclear Energy
- The Global Uranium Market and Australia
- Toro Energy - an emerging uranium producer
- Summary
Uranium & Nuclear Energy
Uranium and Radiation – is it safe?

- Heaviest naturally occurring metal
- Only mildly radioactive in natural form
- 3 isotopic forms – $^{238}\text{U}$ $^{235}\text{U}$ $^{234}\text{U}$
- Uranium ore =
  - $^{238}\text{U} = 99.3\%$
  - $^{235}\text{U} = 0.7\%$ (fissile)
- To convert U ore to nuclear fuel requires multiple processing steps
- 1 kg $\text{U}_3\text{O}_8 = 20,000$ t black coal
- Sufficient energy to power an average Australian household for 25 years
## Average Radiation Exposures

What most people **DON’T** know about Radiation……

<table>
<thead>
<tr>
<th>Source or mode</th>
<th>Typical dose (mSv)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public exposure limit</td>
<td>1</td>
</tr>
<tr>
<td>Annual dose from natural background</td>
<td>2.4</td>
</tr>
<tr>
<td>Occupational limit</td>
<td>20</td>
</tr>
<tr>
<td>Chest x-ray</td>
<td>0.05</td>
</tr>
<tr>
<td>CT scan</td>
<td>10</td>
</tr>
<tr>
<td>Annual dose to nuclear worker</td>
<td>1</td>
</tr>
<tr>
<td>Annual cosmic radiation at sea level</td>
<td>0.4</td>
</tr>
<tr>
<td>Annual cosmic radiation Mexico City (2,300m)</td>
<td>0.8</td>
</tr>
<tr>
<td>Chernobyl recovery workers in 1986</td>
<td>150</td>
</tr>
</tbody>
</table>
Nuclear Fuel Cycle

U₃O₈ sold to utilities and traders

UF₆ to enable isotopes to be separated

Low enriched UF₆

Depleted UF₆

“Tails”

UO₂ Fuel Rods

UF₆

BWR

PWR

LWR

Gen III

Gen IV

Spent Fuel

Reprocessing

toroenergy.com.au 7
Fukushima – can it happen again?

1950s
First nuclear reactors in operation (Russia, UK)

1979
THREE MILE ISLAND
- No deaths
- No causal link to increased cancer

1986
CHERNOBYL
- 134 radiation illness cases
- 30 deaths from acute poisoning
- Thyroid cancer increased

2011
FUKUSHIMA
- No radiation-related deaths
- No causal link to increased cancers

LESSONS LEARNED
- Training
- “Human Factors”

- Design
- Planned Maintenance
- “Human Factors”

- Design
- Risk Protection via Early Warning Systems
- Useful Life
Generation IV: Nuclear Energy Systems Deployable no later than 2030 and offering significant advances in sustainability, safety and reliability, and economics.
Coal produces more than 1 million times the waste (by weight of final product).

High level spent fuel product from the electricity consumption of one person’s lifetime would be encapsulated in a vitrified glass disc of this size.
Uranium and Nuclear Weapons

- U235 is required at >95%, whereas power grade is 5%
- NPT commenced in 1968, now 189 countries have signed
- 5 recognised nuclear states - US, Russia, UK, France and China
- 4 other countries possess nuclear weapons - India, Pakistan, North Korea and Israel
- HEU Agreement 1993 - 2013 "Megatonnes to Megawatts"
- 500t HEU down blended to provide fuel to civil power reactors
The Global Uranium Market and Australia
Global Uranium Demand

Reference Case Capacity
Net GWe (2013 to 2030)

Number of Reactors

<table>
<thead>
<tr>
<th>Region</th>
<th>Operating</th>
<th>Serious</th>
<th>Emerging</th>
<th>2013</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>US &amp; Canada</td>
<td>117</td>
<td></td>
<td></td>
<td>121</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
<td>126</td>
<td>120</td>
</tr>
<tr>
<td>Russia</td>
<td>24</td>
<td></td>
<td></td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>20</td>
<td></td>
<td></td>
<td>128</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>5</td>
<td></td>
<td></td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>30</td>
<td></td>
<td></td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>4</td>
<td></td>
<td></td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>
Global Uranium Supply

- 80% world’s primary supply from 10 current mines
- Global uranium supply – 65% from 3 countries; Kazakhstan, Canada and Australia
- Future global supply dependent on 5 major new projects:
  - Olympic Dam expansion
  - Imouranen
  - Cigar Lake Canada
  - Husab, Namibia
  - Kazakhstan

![World uranium production (tU)](chart)

Source: WNA 2013
Source: MCA 2014
Australia’s Production Profile

- Australia = almost >30% world’s resources BUT…
- Only 12% of world supply
- 2013/14 Australian production = 5512t valued at c.$500M
- Majority in U mining friendly states
- Australian production beginning to “flat line”
- No new production coming on line - slow to market
- Australian contribution to global production in decline but has great potential to grow
Nuclear Power in Australia

- Australia exports the equivalent of >99% of our domestic power consumption each year
- Sufficient uranium resources available to meet export and domestic demand
- Australia already has one reactor at Lucas heights, Sydney for research purposes
- Barriers to entry:
  - political
  - capital cost
  - existing power networks
  - low drivers to switch to alternative energy sources
- Role for small, modular reactors in remote Australia
- Could meet Australia's greenhouse gas emission targets
Toro Energy:
an emerging Australian uranium producer
Toro Energy

**STRUCTURE**

- Board & Management
  - Extensive Uranium Experience
- $7.1M Cash on hand
- Market Capitalisation
  - AUD $95M

**GROWTH ASSETS & STRATEGY**

**WILUNA URANIUM PROJECT**

- 76mlb Resource
  - 1 to 10mtrs deep
- Trial Mining & Pilot Plant Complete
- Permits & Approvals Progressed
- DFS 60% Complete

**M&A FOCUS**

- Market Opportunities

**EXPLORATION PORTFOLIO**

- Theseus @ 6.9mlbs + Wiso & Reynolds Range

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OZ Minerals 27.0%
Mega Uranium 26.5%
RealFin Capital 4.8%
## Wiluna Project

### Location
- 520 km north of Kalgoorlie and 30 km south of Wiluna

### Highlights
- 76 Mlb JORC Resource
- 6 shallow calcrete-hosted carnotite deposits
- Centipede, Lake Way, Millipede, Nowthanna, Dawson Hinkler and now Lake Maitland
- First class mining jurisdiction; 100+ years of mining history
- Infrastructure and services available – power, gas, transport, people
- Major environmental approvals to commence mining in place
- 2013-2014: complete final feasibility studies and arrange project finance

### Status
- State & Federal Environmental approvals granted for Centipede and Lake Way
- Current application for next two deposits submitted
- Engineering studies partly complete
- Low technical risk – simple open cut mining and proven process flow sheet
# Risk Mitigation Phases

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Technical/ Resource Risk Mitigation</th>
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<tbody>
<tr>
<td>2010</td>
<td>Wiluna tenements &amp; pastoral leases acquired</td>
</tr>
<tr>
<td>2011</td>
<td>Wiluna resource increase 25%</td>
</tr>
<tr>
<td>2012</td>
<td>Centipede resource increase further 17%</td>
</tr>
<tr>
<td>2013</td>
<td>Federal Ministerial approval</td>
</tr>
<tr>
<td>2014</td>
<td>Millipede/Maitland ESD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trial mine completed</th>
<th>Pilot plant defined processing flowsheet</th>
<th>WA EPA recommends approval</th>
<th>Discussions progressing with strategic investors</th>
<th>Discussions progressing with strategic investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment Scoping Document approved</td>
<td>Wiluna resource expands 32% to &gt;50Mlb</td>
<td>WA Ministerial approval</td>
<td>Acquisition Lake Maitland 42% increase in resource</td>
<td>Project Economics Capex $325m Opex $31/lb</td>
</tr>
<tr>
<td>Dawson-Hinkler, Millipede, Nowthanna acquired</td>
<td>Wiluna ERMP public assessment process</td>
<td>DFS Phase 1 completed</td>
<td>Wiluna JORC resource increase to 75% at Indicated and above</td>
<td>Resources to Reserve drilling</td>
</tr>
<tr>
<td>Discussions commence with strategic investors</td>
<td>Project economics updated capex $269m; opex $37/lb</td>
<td>Integration and optimisation of Lake Maitland into project economics</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

# Phase 2
Regulatory/ Tenure Risk Mitigation

# Phase 3
Financial Risk Mitigation
Technical De-Risking

Mining

- Ability to map and select higher grade confirmed
- Continuous miner confirmed efficient method
- In pit tailings deposition and full rehabilitation
- Groundwater control through water barriers

Pilot Plant

- Proven economic processing and recovery (~85%)
- Saline groundwater used for processing
- Sample uranium quality suitable for uranium converters
- Engineering savings from coarser grind & lower leach temperature

Trial mining confirmed selective mining process

Pilot plant confirms Toro’s proposed process
Government and Community Views

EPA recommends approval for Toro’s Wiluna Uranium Project in WA to proceed.

Paul Vogel, EPA Chair; 21 May 2012

“The Liberal-National Government is committed to ensuring that uranium mining in WA will be subject to strict security provisions and world’s best practice safety and environmental standards.”

WA Government Minister Marmion; 10 October 2012

“My decision comes after a rigorous environmental assessment.”

Australian Government Minister Burke; 2 April 2013

“... for the first time, a mining company has come to talk to the mob about their concerns. This is good and the old men are happy that Toro will keep away from their sites.

There is a long way to go, but at least the men who are responsible for that area have been able to sit down and talk about that country on behalf of all the Wiluna mob and be listened to and be involved in decisions about that country. This hasn’t happened before.”

Spokesman for Senior Lawmen
Darren Farmer
Anti-Nuclear – How real is it?

- Wide community engagement
  - 4 times over 3 years
  - No legal challenge – June 2013
  - No protests for over 12 months
- Rejection by local TO of NGO position
- Small groups, highly vocal opponents
- Little influence or traction
- Base of opposition not proven
  - No environmental grounds
- Good corporate practices on CSR aspects
Wiluna – the next Australia Uranium Mine

Toro’s Wiluna project is one of the most progressed undeveloped, independent, uranium-only projects globally. Wiluna has secured all major environmental approvals to begin mining and now in the process of finalising its DFS ready for development.

Notes:
1. Uranium Peers selected based on uranium only deposits (or with other commodities as by-products), resources greater than 20Mlbs U₃O₈ (and less than 200Mlbs U₃O₈)
2. Presented on an equity basis
Source: Company announcements
Summary

- Uranium mining is safe and highly regulated
- Global market demand/supply imbalance after 2016
- Australia = significant resources, but under-represented as a supplier
- Toro Energy = an emerging uranium producer
- Wiluna Project = one of the few projects capable of bringing new production to market
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Q & A Time …

Do you believe that Nuclear power has a role to play in meeting global Energy demand?

Results:  
YES = 91%

NO: = 9%