TORO ENERGY LIMITED

UNEARTHING OPPORTUNITIES: INVESTING IN URANIUM

BRI Conference
September 2014

TORO ENERGY:
an emerging Australian Uranium Producer

toroenergy.com.au

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Outline

- Uranium and Nuclear Energy
- The Global Uranium Market and Australia
- Toro Energy - an emerging uranium producer
- Summary

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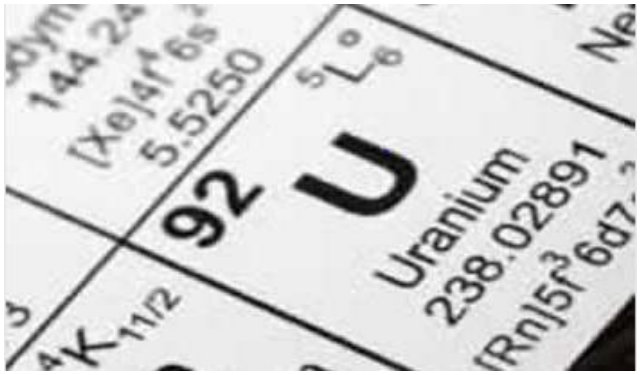
Uranium & Nuclear Energy

Uranium and Radiation – is it safe?

- Heaviest naturally occurring metal
- Only mildly radioactive in natural form
- 3 isotopic forms – ^{238}U ^{235}U ^{234}U
- Uranium ore =
  - ^{238}U = 99.3%
  - ^{235}U = 0.7% (fissile)
- To convert U ore to nuclear fuel requires multiple processing steps
- 1 kg U_3O_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……

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

Nuclear Fuel Cycle

Uranium Mining & Milling → Conversion → Enrichment → Fuel Fabrication → Power Generation → Spent Fuel

U_3O_8 sold to utilities and traders

UF_6 to enable isotopes to be separated

Low enriched UF_6

UO_2 Fuel Rods

BWR
PWR
LWR
Gen III
Gen IV

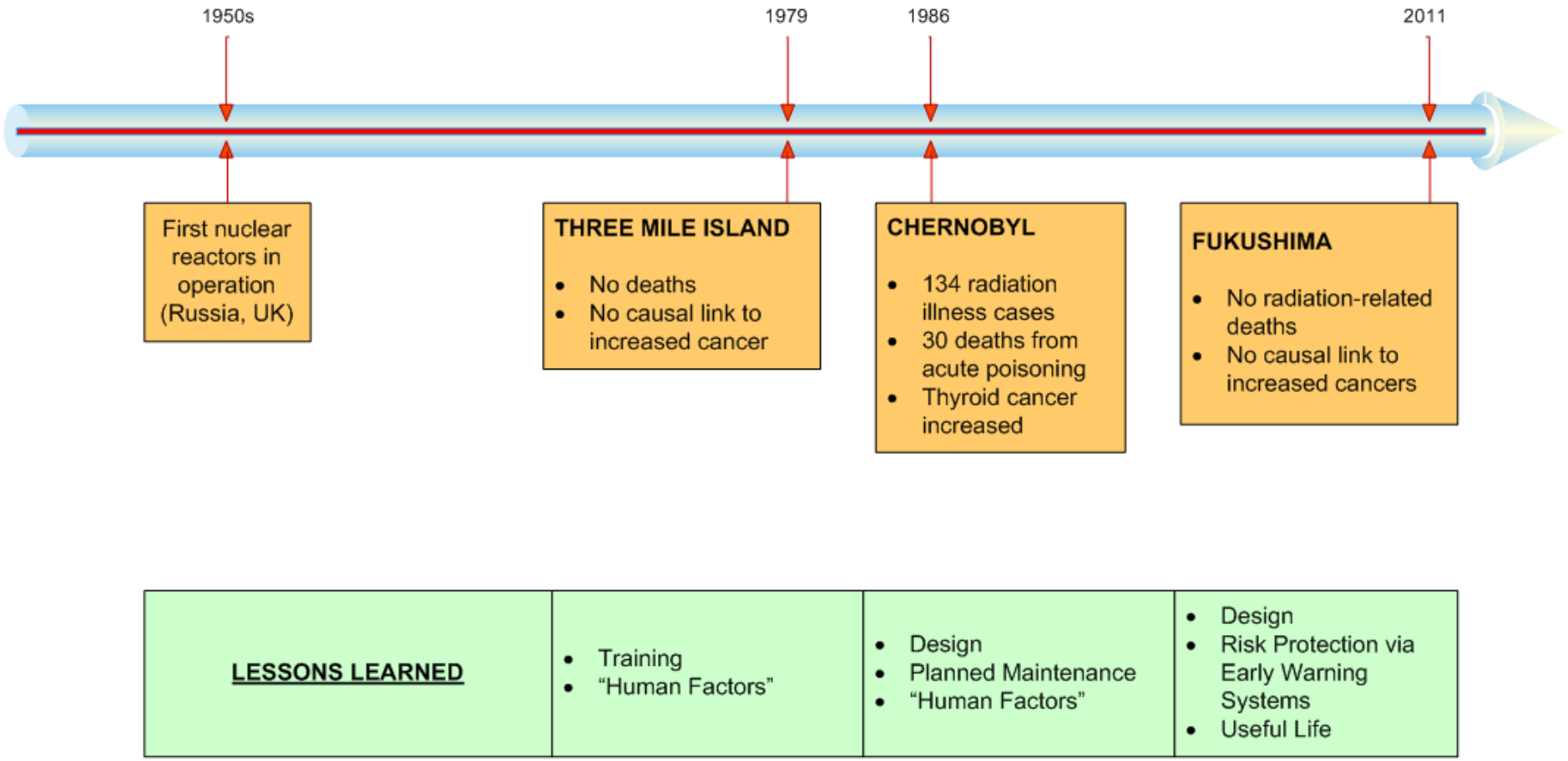
Spent Fuel

Reprocessing

Depleted UF_6

"Tails"

Fukushima – can it happen again?



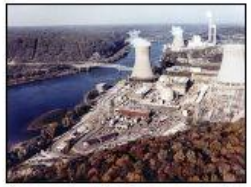
LESSONS LEARNED	• Training • "Human Factors"	• Design • Planned Maintenance • "Human Factors"	• Design • Risk Protection via Early Warning Systems • Useful Life

New Reactor Design

Generation IV: Nuclear Energy Systems Deployable no later than 2030 and offering significant advances in sustainability, safety and reliability, and economics

Generation I

Early Prototype Reactors



- Shippingport
- Dresden, Fermi I
- Magnox

Generation II

Commercial Power Reactors

- LWR-PWR, BWR
- CANDU
- VVER/RBMK

Generation III

Advanced LWRs

- ABWR
- System 80+
- AP600
- EPR

Near-Term Deployment

Generation III+ Evolutionary Designs Offering Improved Economics

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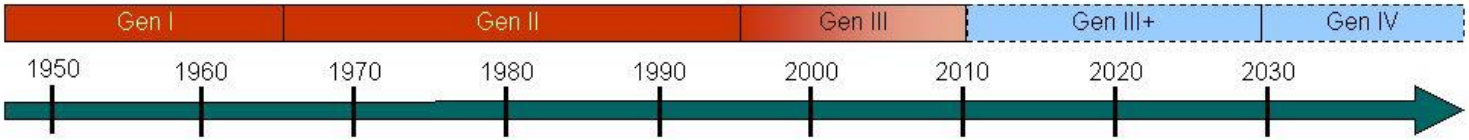
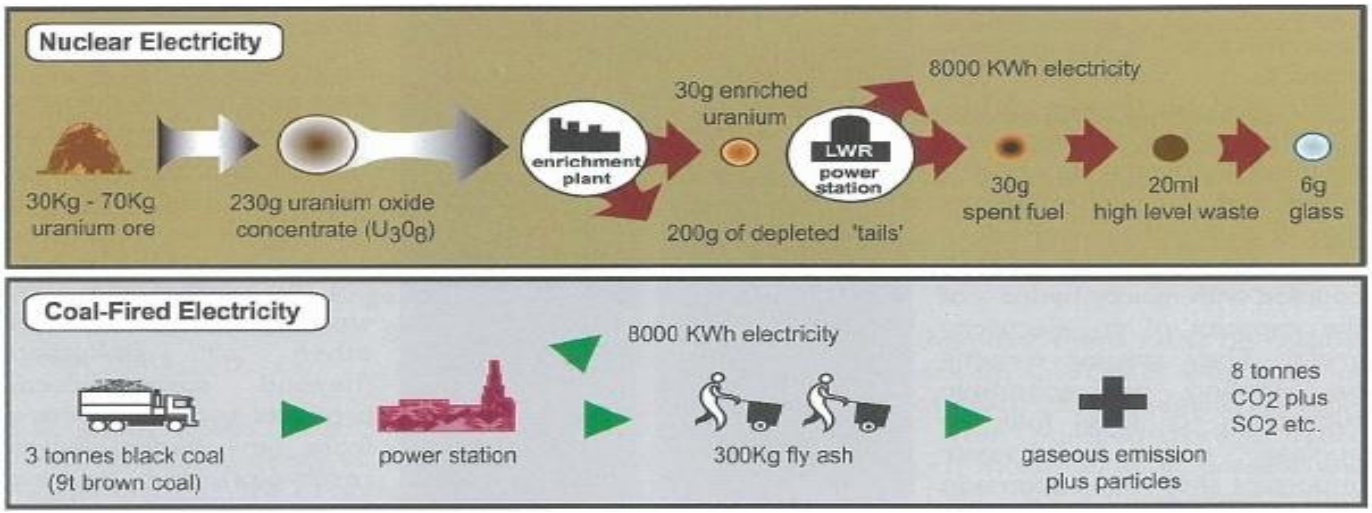
Generation IV

- Highly Economical
- Enhanced Safety
- Minimal Waste
- Proliferation Resistant



Nuclear Fuel and Waste



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.

Source: WNA

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

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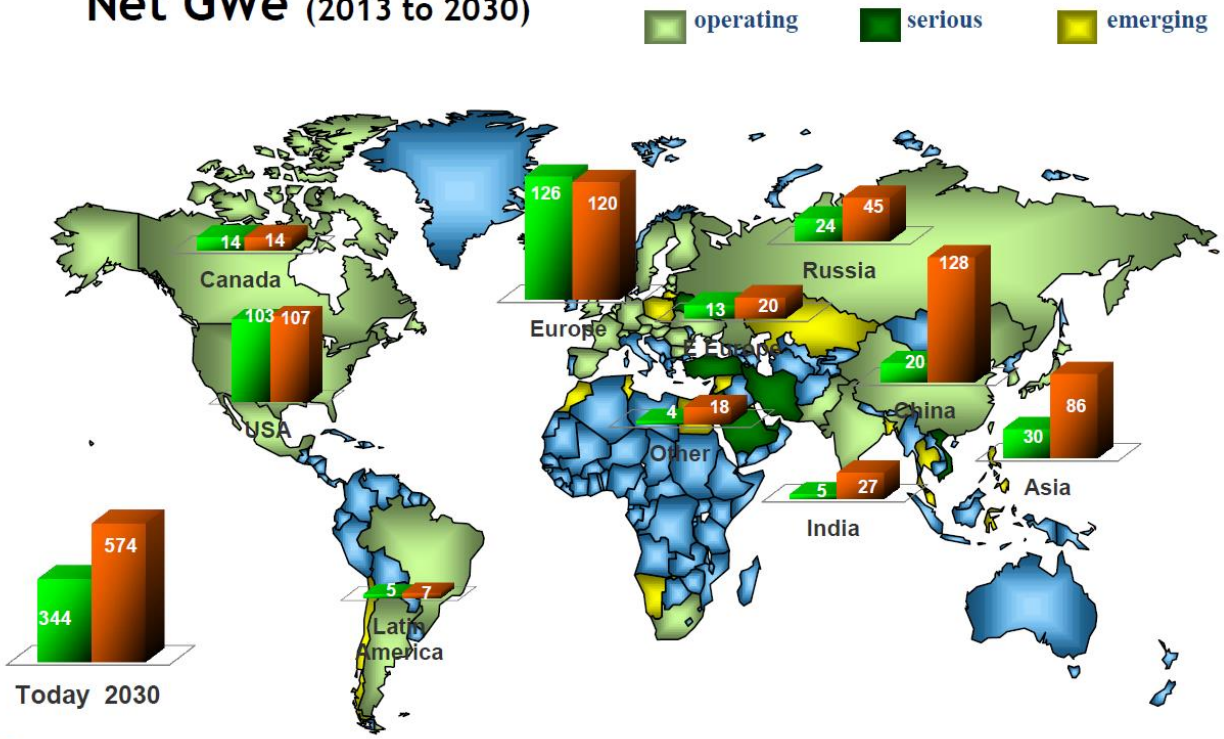
The Global Uranium Market and Australia

Global Uranium Demand

Reference Case Capacity

Net GWe (2013 to 2030)

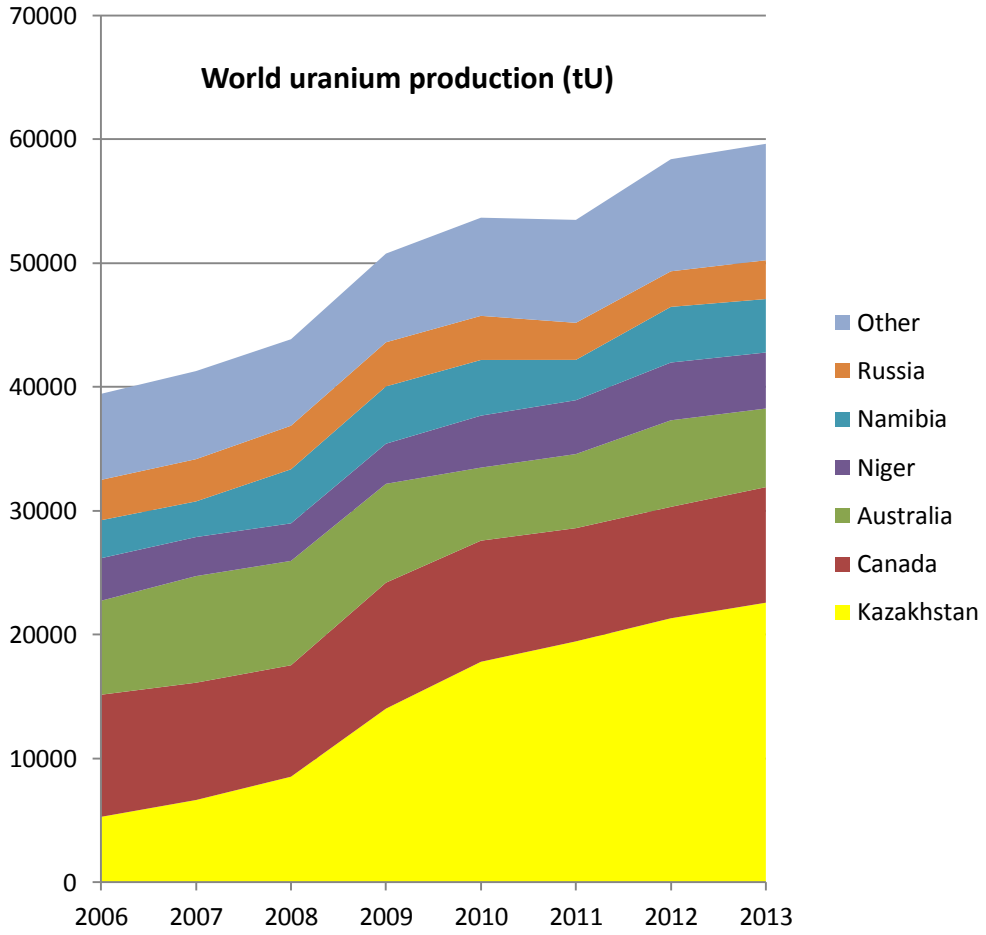


World Nuclear Association | WNA Fuel Market Report - Demand
James Nevling, Manager, Fuel Supply Projects, Exelon

		Number of Reactors	
		2013	2030
✗	US & Canada	117	121
✗	Europe	126	120
✓	Russia	24	45
✓	China	20	128
✓	India	5	27
✓	Asia	30	86
✓	Middle East	4	18

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

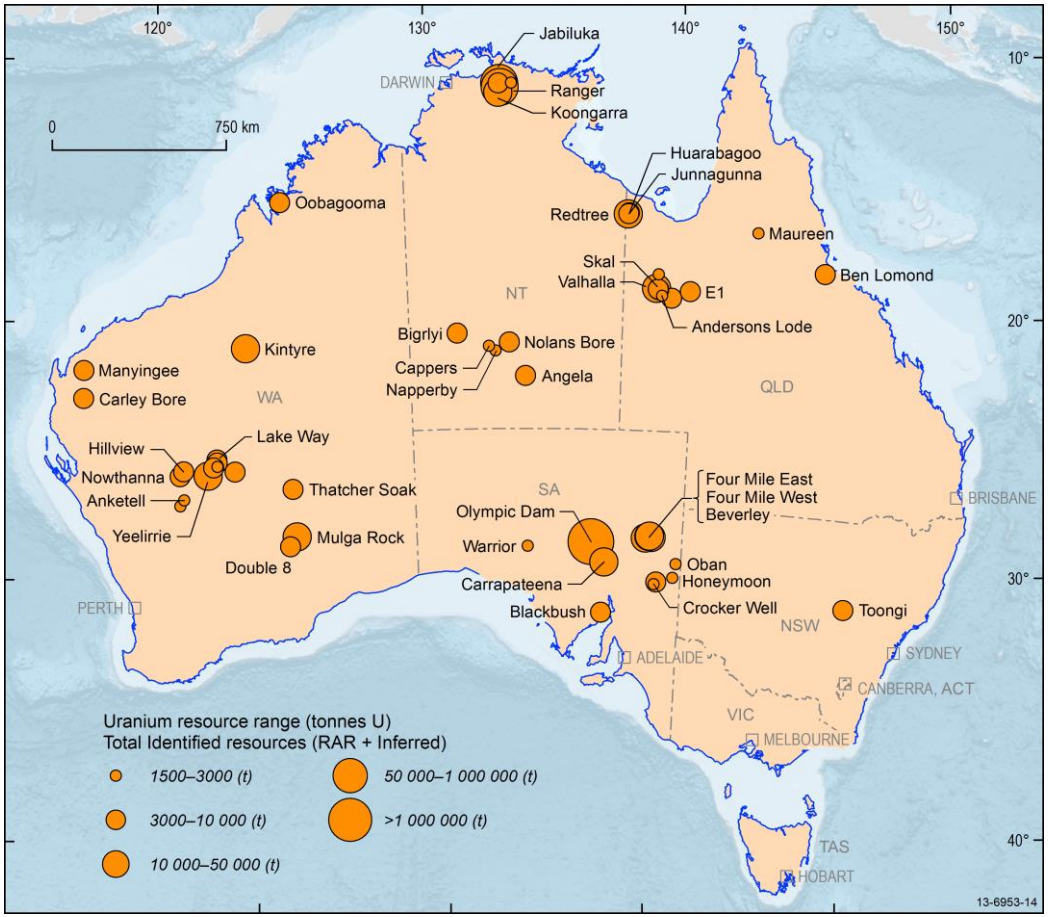


Source: WNA 2013

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



Source: Independent industry and broker reports.

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

Source: Independent industry and broker reports.

Toro Energy:

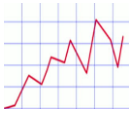
an emerging Australian uranium producer

Toro Energy

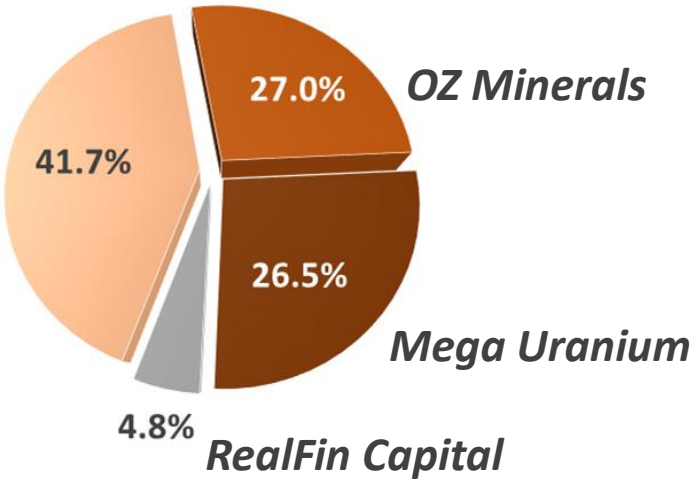
STRUCTURE

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

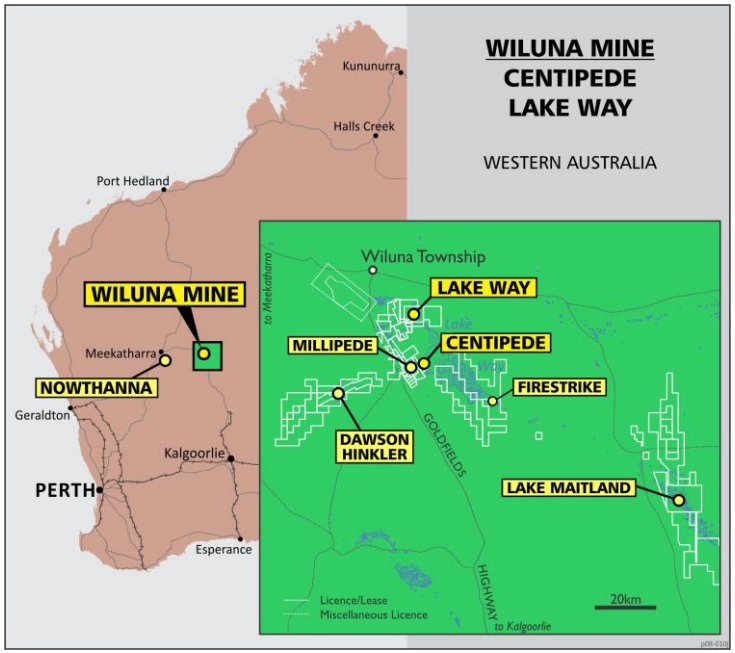
Market Opportunities

EXPLORATION PORTFOLIO

Theseus @ 6.9mlbs + Wiso & Reynolds Range

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



Refer: 8 October 2013 ASX Release

Risk Mitigation Phases

2010	2011	2012	2013	2014
Wiluna tenements & pastoral leases acquired	Wiluna resource increase 25%	Centipede resource increase further 17%	Federal Ministerial approval	Millipede/Maitland ESD
Trial mine completed	Pilot plant defined processing flowsheet	WA EPA recommends approval	Discussions progressing with strategic investors	Discussions progressing with strategic investors
Environment Scoping Document approved	Wiluna resource expands 32% to >50Mlb	WA Ministerial approval	Acquisition Lake Maitland 42% increase in resource	Project Economics Capex $325m Opex #31/lb
Dawson-Hinkler, Millipede, Nowthanna acquired	Wiluna ERMP public assessment process	DFS Phase 1 completed	Wiluna JORC resource increase to 75% at Indicated and above	Resources to Reserve drilling
	Discussions commence with strategic investors	Project economics updated capex $269m; opex $37/lb	Integration and optimisation of Lake Maitland into project economics	

Phase 1
Technical/ Resource Risk Mitigation

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

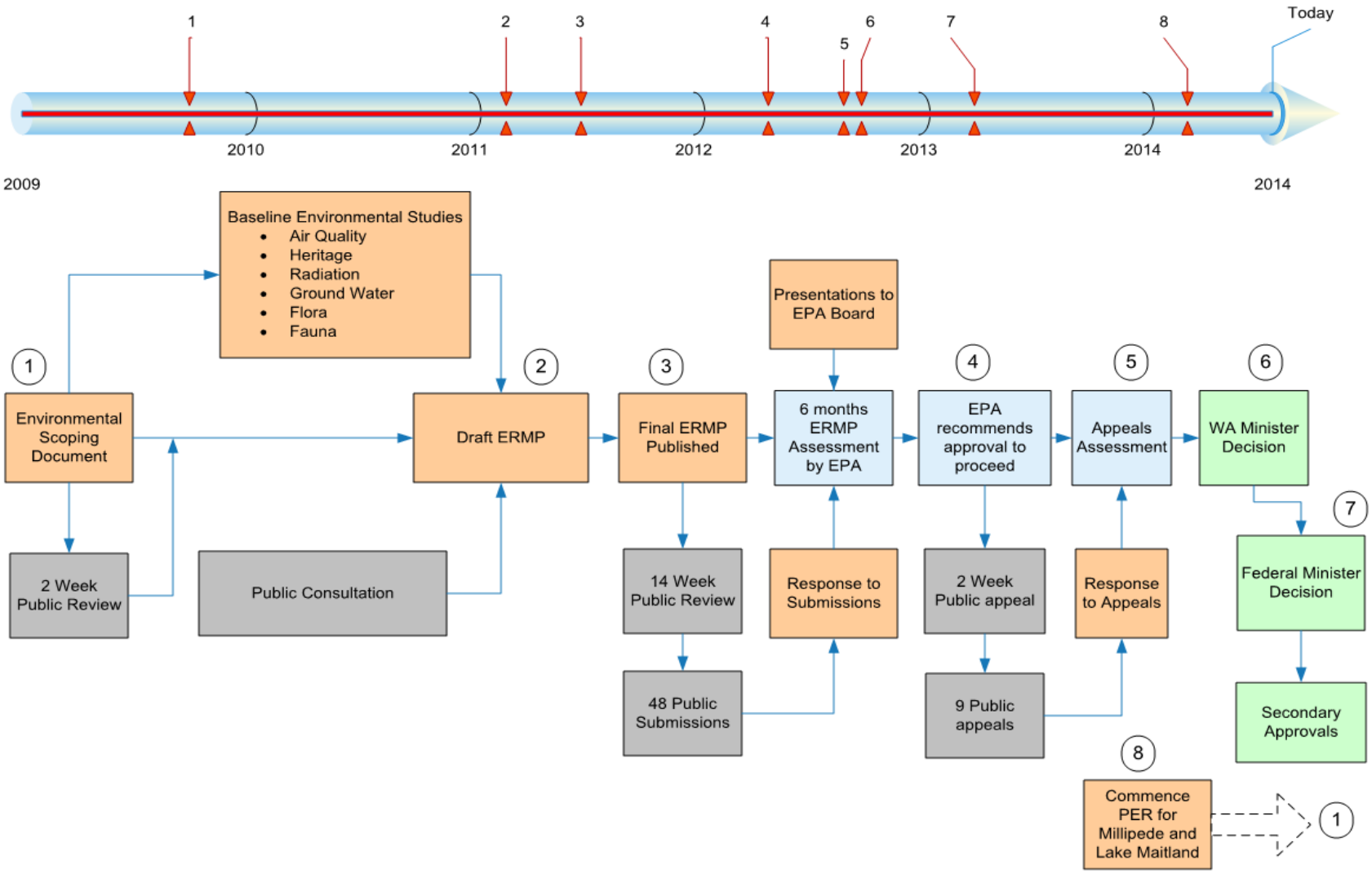
Trial mining confirmed selective mining process

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

Pilot plant confirms Toro's proposed process

Regulatory Approvals 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."

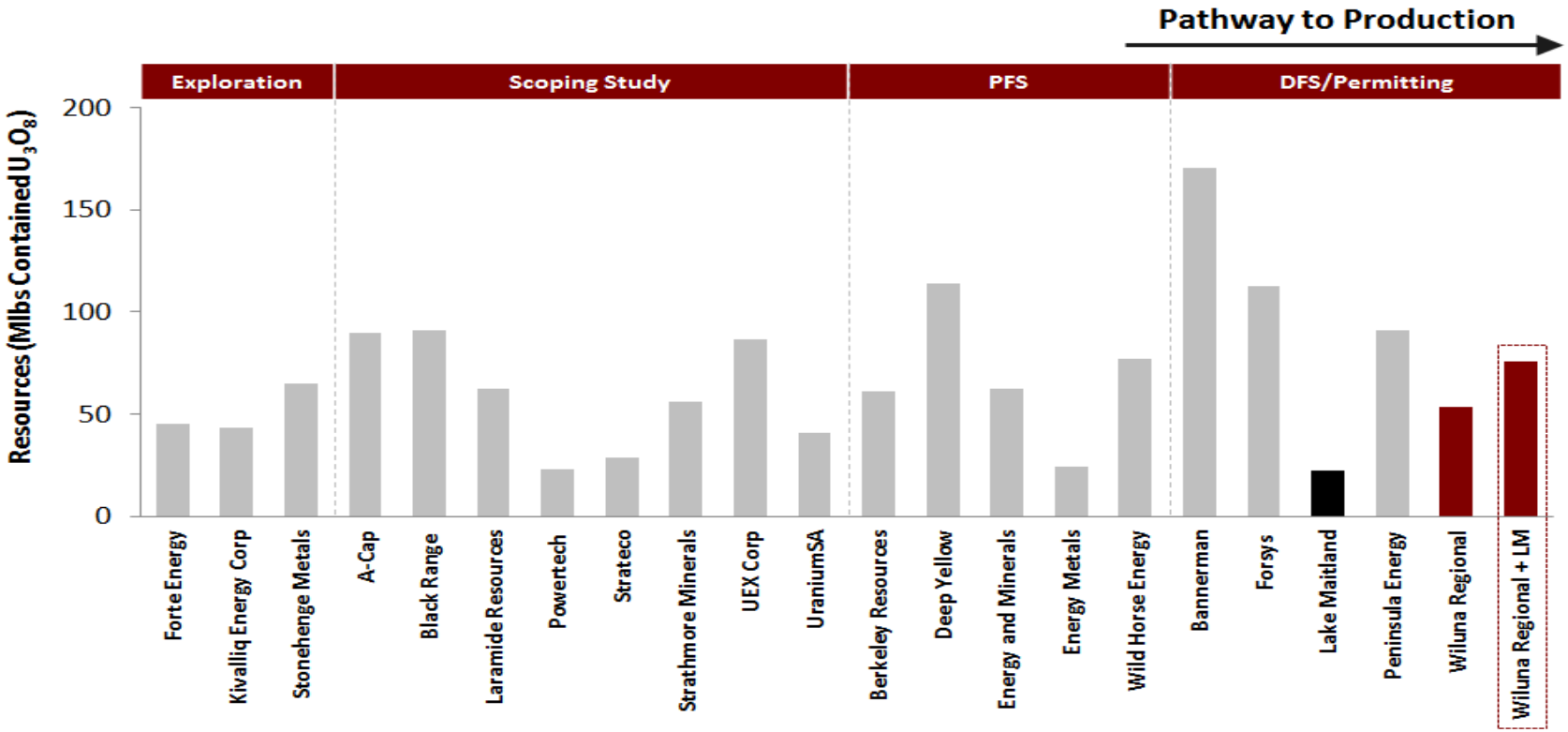
Spokesman for Senior Lawmen
Darren Farmer

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:

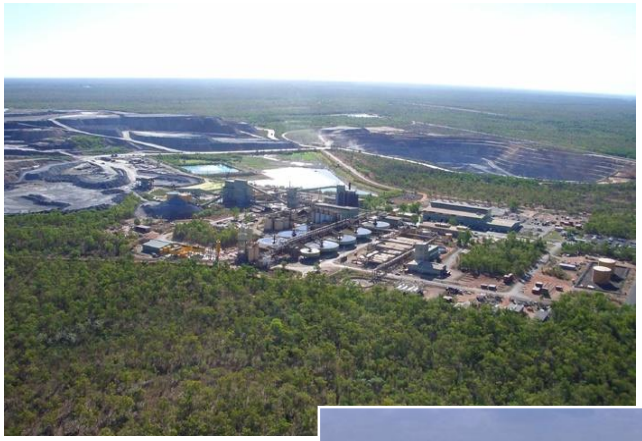
1. Uranium Peers selected based on uranium only deposits (or with other commodities as by-products), resources greater than 20Mlbs U_3O_8 (and less than 200Mlbs U_3O_8)
2. Presented on an equity basis

Source: Company announcements

Refer: 8 October 2013 ASX Release and Competent Persons' Statements in Appendix 1

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%