



# QUARTERLY ACTIVITIES REPORT

for period ending:

## 30 June 2015

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)

---

## HIGHLIGHTS

1. Agreement with The Sentient Group to re-finance the Company's \$12M loan with Macquarie Bank Limited including completion of a \$2.5M placement at 8 cents per share, strengthening Toro's balance sheet and working capital position.
2. Government assessment process continued for the Extension to the Wiluna Uranium Project (mining of the Millipede and Lake Maitland deposits). Toro met its timetable commitments to the Office of the Environmental Protection Authority with lodgement of the first draft of the Public Environmental Review.
3. Completion of 130 sonic drill hole resource drilling at Centipede, Millipede, Lake Maitland and Nowthanna deposits.
4. Continued focus on project financing, equity partners and offtake discussions including further meetings with major Indian industry figures through Toro Managing Director Dr. Vanessa Guthrie's participation in the India-Australia CEO Forum held in Delhi and Mumbai in June.
5. Uranium spot price closed at US\$36.50/lb at June 30 2015, down from US\$39.50/lb at end March 2015. Long term prices retreated from US\$49/lb in March 2015 to US\$46.00/lb at June 30 2015.
6. Cash at end of the quarter was A\$22.9M.

---

## 1. Overview

Toro continues to focus on ensuring the wholly owned Wiluna Uranium Project ("Wiluna or the "Project") in WA is capable of being brought to market to coincide with forecast uranium pricing conditions that support development.

The Company plans the following key activities during 2015 for Wiluna:

1. Progress the government assessment and approvals process for mining of the Millipede and Lake Maitland deposits as an extension to the approved Centipede and Lake Way deposits.<sup>1</sup>
2. Finalise negotiations for a mining agreement with the Wiluna Native Title Holders.
3. Resource drilling and new Resource statement
4. Project technological improvements utilizing the \$10M Unitisation Deed funding provided by The Sentient Group.
5. Project cost review and optimization studies.

---

<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

In June Toro signed a binding Terms Sheet with its shareholder The Sentient Group (“Sentient”) that will enable Toro to repay the \$12M loan owing to Macquarie Bank Ltd (“Macquarie Loan”) approximately nine months ahead of its maturity. The Macquarie Loan is to be repaid with funds sourced from:

- \$6.0M secured, interest free loan from Sentient, maturing in 3 years (“Sentient Loan”);
- \$2.5M placement at 8 cents per share as part of the transaction announced on 3 November 2014 (2014 Sentient Transaction);
- \$3.0M released from the \$10M Unitisation Deed funds received from Sentient under the 2014 Sentient Transaction; and
- \$0.5M of existing working capital.
- The binding Terms Sheet includes the issue of the 59.1 million shares to complete the acquisition from Sentient of various uranium investments including secured loans in Canadian-based Strateco Resources (“Strateco”) pursuant to the 2014 Sentient Transaction. Strateco is the owner of the Matoush Uranium Project in Quebec.

Furthermore, in connection with the Sentient Loan the Company has agreed to issue Sentient 75M options (“Sentient Options”) with an exercise price of \$0.08 per share expiring at maturity of the Loan in three years (or earlier in certain circumstances).

Completion of the Sentient Loan and issue of the Sentient Options is conditional upon on Sentient obtaining FIRB approval, first ranking security being provided, full form loan documents being completed and grant by ASX of a waiver from LR 10.1 to enable the grant of security for the Sentient Loan without shareholder approval, the latter of which has been received.

Completion is expected in quarter three 2015 and upon completion and pending no other new corporate developments, Sentient will be an 18.3% shareholder of Toro (currently 14.4%).

On 30 June 2015 the Company advised that Ms Fiona Harris would be taking three months personal leave of absence effective immediately. Fellow independent director Mr. John Cahill has assumed the role of Acting Chair during Ms Harris’s absence.

Cash at end of the quarter was \$22.9M.

## 3. Uranium Market

June 2015 uranium spot price closed at US\$36.50/lb down from the March 2015 price of US\$39.50/lb. Long term prices retreated slightly from US\$49.00/lb in March 2015 to US\$46.00/lb in June 2015. Spot volumes of 10.9Mlbs were traded for the June 2015 quarter compared to 7.1Mlbs in the June 2014 quarter.

Key market events over the quarter included:

- South Korea announce greenhouse gas reductions of 37% by 2030, 25.7% through added nuclear capacity and advanced carbon cutting technologies and 11.3% through the purchase of carbon credits;
- South Korea’s Wolsong Unit 1 reactor restarted after being offline since November 2012. The recently approved operating licence will enable the reactor to continue operations for a further 7 years;
- Germany takes its oldest reactor offline leaving 8 of its original 17 reactors in operation since its decision to phase out nuclear power four years ago;
- Negotiations concerning access by the International Atomic Energy Agency to inspect Iran’s civil nuclear program were extended; and
- Energy Resources of Australia announce the Ranger 3 Deeps expansion will not proceed, removing 7M lbs p.a from the future Australian supply market.

---

## 4. Wiluna Uranium Project (WA)

### 4.1. Approvals and Community

Environmental work undertaken during the quarter related to the finalization of studies required to complete the Public Environmental Review (“PER”) for the Extension to the Wiluna Uranium Project.

The Extension relates to mining of the Millipede and Lake Maitland deposits and treatment of ore from these deposits at the already approved Centipede processing facility.

Studies to meet the work program outlined in the Environmental Scoping Document (“ESD”) for government assessment of mining at Millipede and Lake Maitland were completed. The draft ESD submitted to government in 2014 received a total of 27 submissions to the EPA. Toro responded to all submissions prior to the EPA Board’s final approval of the ESD.

The ESD identifies key environmental factors and issues to be addressed during the continuing environmental assessment of mining at Millipede and Lake Maitland. During the quarter, Toro met its deadline for submission of the first draft of the PER to the EPA and expects the final PER to be available for a 12 week public review toward the end of quarter three 2015.

In June representatives from the Department of Environment Regulation and the Department of Mines and Petroleum visited the Wiluna site to inspect the progress of Toro’s ongoing rehabilitation of trial mining at Centipede. The trial mining pit was undertaken in 2010 in accordance with an approved Mining Proposal to provide additional data for mining studies, pilot plant testwork and tailings management. Toro will complete additional planned rehabilitation in the second half of 2015 to close out the mining proposal consistent with commitments to government.

Negotiation of a mining agreement with the Wiluna Native Title Holders continued during the quarter. All parties are aiming to complete the negotiations by in the third quarter of 2015.

### 4.2. Resource

The resource drilling program was completed at the end of June, ahead of schedule and within budget with no incidents. A total of 130 sonic holes were drilled for 983m inclusive of 66 holes for 505m at Centipede and Millipede, 49 holes for 536m at Lake Maitland and 15 holes for 124m at Nowthanna. Some 1,818 half metre full core samples were collected for geochemical analysis and approximately 600 sub-samples for consideration for mineralogical analysis.

All geological data including final probing data inclusive of gamma, pfn, conductivity, dual density and porosity logs are now being reviewed. All geochemical samples have been delivered to the laboratory for analysis. Results of the drilling program are expected at the end of the third quarter 2015.

### 4.3. Engineering

Toro continued project improvement studies as part of the Unitisation Deed funding provided by Sentient. The funding is to explore opportunities to enhance and optimize the process design, project configuration and operating and capital cost structure for the project.

Research programs at ANSTO and CSIRO have identified compounds that show potential for adsorbing uranium from high chloride, alkaline environment and work continues to develop an alternative flowsheet that may improve the Project cost structure. The initial phase of the U-pgrade™ beneficiation assessment has been completed and the second phase has commenced.

In conjunction with the resource drilling program, metallurgical samples were collected from the Centipede, Millipede and Lake Maitland deposits. These samples will be used to test the consistency of uranium mineral associations across the deposits.

## **5. Exploration**

Toro is actively seeking JV partners on its main exploration projects inclusive of Theseus.

Areva Australia has completed drill testing the EM target on the WISO JV Project and has elected not to continue with the joint venture earn-in. Toro geologists await the supply of the Areva data and geological interpretations.

## **6. Tenement Movements**

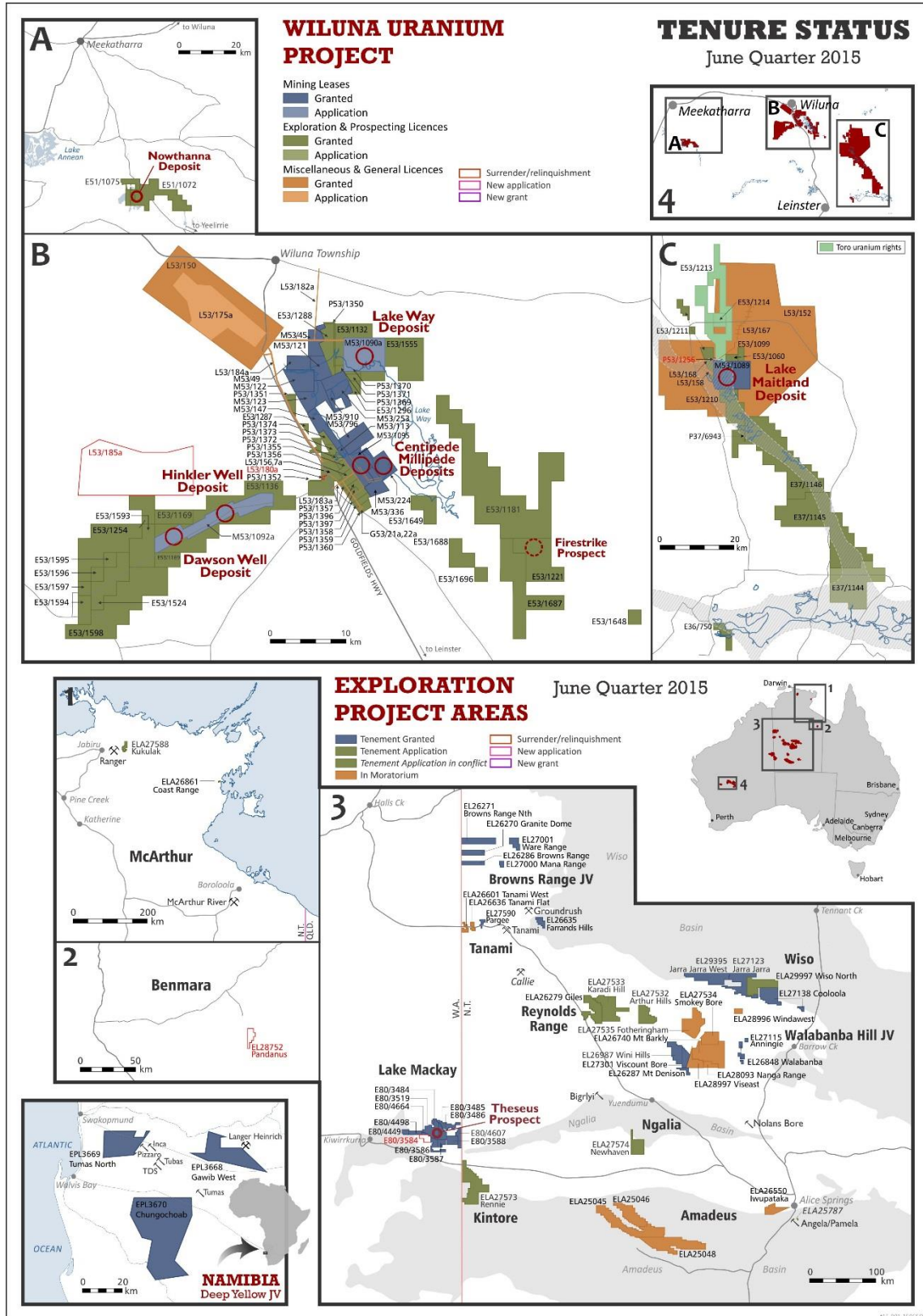
An updated tenement status map is attached at Appendix 1.

## **7. Other**

On 8 June 2015, the Company became aware that Strateco notified the Superior Court of Montreal that it had become insolvent and subsequently on 9 June 2015 filed for an initial order under the Canadian Companies' Creditors Arrangement Act. Toro's secured loans in Strateco are protected by a first ranking security over their assets, including the Matoush Uranium Project.

# APPENDIX I :

## Tenement Status Map



## APPENDIX 2:

### Wiluna Uranium Project Resource Table – JORC 2012<sup>2, 3</sup>

Deposit	Measure	Measured		Indicated		Total Measured and Indicated		Inferred		Total	
		200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm	200 ppm	500 ppm
Centipede	Mt's	2.9	1.2	7.5	3.1	10.4	4.3	0.0	0.0	10.4	4.3
	Grade ppm	551	872	572	943	566	923	0	0	566	923
	Mlb's U <sub>3</sub> O <sub>8</sub>	3.5	2.3	9.5	6.4	13.0	8.8	0.0	0.0	13.0	8.8
Lake Way	Mt's	0.0	0.0	10.3	4.2	10.3	4.2	0.0	0.0	10.3	4.2
	Grade ppm	0	0	545	883	545	883	0	0	545	883
	Mlb's U <sub>3</sub> O <sub>8</sub>	0.0	0.0	12.4	8.2	12.4	8.2	0.0	0.0	12.4	8.2
Millipede	Mt's	0.0	0.0	4.5	1.6	4.5	1.6	1.9	0.4	6.4	2.0
	Grade ppm	0	0	530	956	530	956	382	887	486	942
	Mlb's U <sub>3</sub> O <sub>8</sub>	0.0	0.0	5.3	3.4	5.3	3.4	1.6	0.8	6.9	4.2
Lake Maitland	Mt's	0.0	0.0	19.9	7.5	19.9	7.5	0.0	0.0	19.9	7.5
	Grade ppm	0	0	555	956	555	956	0	0	555	956
	Mlb's U <sub>3</sub> O <sub>8</sub>	0.0	0.0	24.3	15.8	24.3	15.8	0.0	0.0	24.3	15.8
<b>Sub-total</b>	<b>Mt's</b>	<b>2.9</b>	<b>1.2</b>	<b>42.2</b>	<b>16.4</b>	<b>45.1</b>	<b>17.6</b>	<b>1.9</b>	<b>0.4</b>	<b>47.0</b>	<b>18.0</b>
	<b>Grade ppm</b>	<b>551</b>	<b>872</b>	<b>553</b>	<b>935</b>	<b>553</b>	<b>931</b>	<b>382</b>	<b>887</b>	<b>546</b>	<b>930</b>
	<b>Mlb's U<sub>3</sub>O<sub>8</sub></b>	<b>3.5</b>	<b>2.3</b>	<b>51.4</b>	<b>33.8</b>	<b>55.0</b>	<b>36.1</b>	<b>1.6</b>	<b>0.8</b>	<b>56.6</b>	<b>36.9</b>
Dawson Hinkler	Mt's	0.0	0.0	8.4	0.9	8.4	0.9	5.2	0.3	13.6	1.2
	Grade ppm	0	0	336	596	336	596	282	628	315	604
	Mlb's U <sub>3</sub> O <sub>8</sub>	0.0	0.0	6.2	1.2	6.2	1.2	3.2	0.4	9.5	1.6
Nowthanna	Mt's	0.0	0.0	0.0	0.0	0.0	0.0	11.9	2.3	11.9	2.3
	Grade ppm	0	0	0	0	0	0	399	794	399	794
	Mlb's U <sub>3</sub> O <sub>8</sub>	0.0	0.0	0.0	0.0	0.0	0.0	10.5	4.0	10.5	4.0
<b>Total Wiluna Regional Resource</b>	<b>Mt's</b>	<b>2.9</b>	<b>1.2</b>	<b>50.6</b>	<b>17.3</b>	<b>53.5</b>	<b>18.5</b>	<b>19.0</b>	<b>3.0</b>	<b>72.5</b>	<b>21.5</b>
	<b>Grade ppm</b>	<b>551</b>	<b>872</b>	<b>517</b>	<b>917</b>	<b>519</b>	<b>914</b>	<b>365</b>	<b>790</b>	<b>479</b>	<b>897</b>
	<b>Mlb's U<sub>3</sub>O<sub>8</sub></b>	<b>3.5</b>	<b>2.3</b>	<b>57.7</b>	<b>35.0</b>	<b>61.2</b>	<b>37.3</b>	<b>15.3</b>	<b>5.2</b>	<b>76.5</b>	<b>42.5</b>

<sup>2</sup> Refer to Competent Persons' Statement in this report. It can be confirmed that there has been no material change to resources of the Wiluna Project since the last reporting of the Wiluna Project's resources on the 20 November 2013.

<sup>3</sup> Tonnes and pounds are quoted to one decimal place which may cause rounding errors when tabulating.

### **Competent / Qualified Persons' Statements**

*It is important to note that there has been no material change to the resources of the Wiluna Uranium Project since the last reporting of the Wiluna Uranium Project's resources on the 20<sup>th</sup> November 2013. As such the competent/qualified persons' statement for stated resources on the Wiluna Uranium Project remains as follows:*

*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 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 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), 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.*