



Toro Energy

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Toro Energy pushes Wiluna forward as uranium markets return

Toro Energy (ASX:TOE) is steadily demonstrating that its Wiluna Uranium Project in Western Australia will be financed and brought into production as markets for the nuclear fuel improve.

Toro's Wiluna regional resource contains approximately 76.5 million pounds of uranium oxide, sufficient to run a mine for around 20 years.

The project has already received government environmental approvals for the processing facility and two of the six deposits, setting it up to be WA's first producing uranium operation.

Recent progress in realising the Wiluna plan has unfolded on several fronts, with technical R&D work to improve operational viability as Toro embraces new investors and international customers in the uranium space.

In December 2014, the company raised \$20 million through a subscription and securities sale agreement and unitisation deed with independent global private equity firm The Sentient Group.

Further working capital of A\$4.9 million was also raised through a \$3.9 million share purchase plan and private placement with RealFin Capital Partners for \$1 million.

Perhaps not appreciated is the vote of confidence from Sentient Group this provided to the management group to execute and deliver on milestones.

This support has helped the company reduce financing costs and bolster the cash holdings needed as Wiluna marks milestones toward operational start-up.

Recent optimisation work at Wiluna has included an ambitious drilling program, completed at the end of June, which comprised a total of 130 sonic holes for 983 metres across the project's Centipede, Millipede, Lake Maitland and Nowthanna areas.

Some 1,800 half-metre full core samples were collected for geochemical analysis and about 600 sub-samples for mineralogical analysis.

All geological data from the campaign is being reviewed and is expected to be delivered during the next month.

Toro has also made progress on an environmental approval extension for Wiluna. 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.

The company is aiming to have received state and federal environmental approval for the extended Wiluna project, by the third quarter of 2016. The company is also progressing through the final stages of a Mining Agreement with the Native Title Holders and Traditional Owners in the Wiluna area.

One of only a handful

Wiluna represents one of the few projects worldwide capable of bringing new production to the market in the medium

Price: A\$0.057

Market Cap: A\$114.05M

1 Year Share Price Graph



Share Information

Code: TOE

Listing: ASX

Sector: General Mining

Website: www.toroenergy.com.au

Company Synopsis:

Toro Energy Limited (ASX:TOE) is an Australian uranium company with a highly prospective project development and exploration portfolio.

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term when a shortfall is predicted during the second half of the decade.

The uranium is found close to the surface and is often associated with naturally forming calcium-carbonate cement known as calcrete. This type of deposit is not unlike the nearby Yeelirrie deposit owned by Cameco Corporation (TSE:CCO) and the Langer Heinrich deposit in Namibia being mined by Paladin Energy (ASX:PDN).

The mine will be a shallow strip excavation using surface miners with a maximum mining depth of 15 metres. Drill and blast will not be required. The processing flow sheet is a conventional hydrometallurgical circuit based on a carbonate leach.

Early results from the 2015 drilling program

Drilling this year has targeted high grade areas of all deposits that have previously lacked geochemical analysis to investigate a potential under-calling of uranium values by the gamma probe measurements that are universally used.

The updated resource estimation that is due soon will be used to positively revise the project economic model and mine plan.

Recently, Toro also announced results from the process improvement studies which included testing a beneficiation process with Marenica Energy to upgrade the concentration of uranium in the leach process and reduce the material throughput.

Lab scale testing results indicate a possible loss of 15% of the mass with minimal loss of uranium and production of a deslime product. Improved settling rates from the desliming may also result in a reduction in the size of equipment thereby realising capital and operating cost savings to the project.

Finding new markets

Traction in building customer relationships as uranium markets expand has been a priority for Toro during the development of Wiluna.

Earlier this year, Toro's Managing Director, Dr Vanessa Guthrie was invited by the then Prime Minister Tony Abbott to join the Australia-India CEO Forum following signing of the Nuclear Civil Cooperation Agreement between Australia and India in September 2014.

Guthrie participated in the forum held in Delhi in June 2015, continuing Toro's focus on developing relationships with potential project financiers, equity partners and off-takers within the expanding Indian energy market.

While the restart of Japanese reactors often makes headlines as a bellwether of improving uranium sentiment, more commercial possibilities are likely to be exploited in the construction of 27 new nuclear reactors in China, the growing demand base in India and the emerging nuclear markets in the Middle East and Gulf States.

Analysis

Toro's proven ability to raise cash for Wiluna has reflected a growing awareness about the pending upswing in the uranium price as the growing Asian markets explore options for cleaner energy sources.

Wiluna's location in WA provides the politically stable mining jurisdiction that is necessary for uranium customers needing security of supply through undisrupted 5-10 year contracts. Well established business ties between WA's mining industry and its Asian customers are likely to facilitate future foreign investment in the state's emerging uranium sector.

Strategic investment and offtake partners for Wiluna are likely to emerge from India and China as they continue with their nuclear growth agenda, as MD Dr Vanessa Guthrie actively pursues the high level of interest shown in Australian uranium supplies.

Further meetings are planned with JAURD and Itochu of Japan Toro's joint venture partners for the Lake Maitland deposit.



Given their long term supply horizons, it would not surprise to see offtake and investment interest emerge sooner than later.

Wiluna's design features, management controls and mitigation measures are expected to allow environmental, socioeconomic, health and cultural heritage impacts to be managed sustainably a critical political advantage in this sector.

Toro has successfully completed a trial mine and a comprehensive metallurgical testwork program including a pilot plant trial. These studies substantially reduced the technical risk of the project by generating critical information that was used to support the engineering design of the project.

Approvals from both State and Federal governments for the extension to the Wiluna Project are tracking on schedule during 2016.

For the long term investor looking for uranium counter tracking an inevitable uranium price rise and management team adding significant value, it is reassuring to be investing alongside private equity firm The Sentient Group with its confidence to acquire an 18.3% shareholding.

For Toro Energy trading at a share price of \$0.058 and a market capitalisation of \$116 million, there is likely no better place to start.

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