



Toro Energy

Oct 14th 2015

Toro Energy's boost in Wiluna uranium resources to enhance economics

Toro Energy (ASX:TOE) has set up its Wiluna uranium project in Western Australia to benefit from improved economics by increasing resources by 20% in the first two mining deposits.

Total resources within the Wiluna's Centipede and Millipede areas is now 6.8 million tonnes at 1,021 parts per million uranium oxide (U3O8) for 15.3 million pounds of U3O8 at a 500ppm cut-off grade.

At a 200ppm cut-off, this inventory increases to 19.7 million tonnes at 553ppm U3O8 for 24 million pounds of U3O8. High-grade zones of more than 500ppm U3O8 comprise 56% of the mineralisation in the deposits planned to be mined.

Centipede and Millipede account for the bulk of the important first seven years of operations. As such, Wiluna is expected to benefit from early operational efficiencies due to the stronger confidence in the higher-grade zones of these two areas.

Increases in resources and grade at all cut-off levels is expected to have a direct and favourable impact on processing head grade and ultimately contribute to a continued improvement in the forecast project economics particularly during early years of operations.

The resource increase follows the completion of geochemical analysis from recent drilling which delivered results consistently over 2,000ppm U3O8, including one assay of 8,406ppm U3O8.

Ongoing development

Catalysts for Toro in the coming months will include an update the project mine plans, schedules and economic forecasts.

These improvements will be realised via consideration of the revised resource estimate with drilling results from the Lake Maitland and Nowthanna deposits.

The public environmental review period into the Wiluna extension mining of the Millipede and Lake Maitland deposits is expected to commence this quarter.

Arrangements for final negotiations of a mining agreement are also planned with the Wiluna traditional owners.

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 has also included technical R&D work to improve operational viability as Toro embraces new investors and international customers in the uranium space.

Financial footing

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

Price: A\$0.065

Market Cap: A\$132.278M

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.

Author:

Proactive Investors +61 2 9299 5001

Investors

action@proactiveinvestors.com.au



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

Uranium market traction

Building customer relationships as uranium markets expand has been a priority for Toro during the development of the 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

The increases to Centipede and Millipede resources are meaningful because they allow for more economic operations via stronger processing head grades.

Uranium mineralisation in each deposit is shallow lying and extends from around two metres from surface to a depth of around eight to ten metres.

The increase also confirms that Wiluna resources are of sufficient quality to support final feasibility studies.

Every drilling program at the project since 2012 has significantly improved Toro's geological understanding of the deposits while increasing uranium resource tonnage and confidence.

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.

Toro benefits from portfolio diversity in Canadian and Namibian uranium assets as it pursues growth opportunities through accretive uranium project acquisitions.

Toro share value has improved 15% since the end of last month and has positioned the company with a market capitalisation of about \$120 million. This momentum has coincided with the latest developments at Wiluna making a stronger investment case for the project as well as a firming macro outlook for the uranium sector.

The spot uranium price rose \$US1.90 to \$US38.50 a pound last week.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China.

You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you



personally concerning the nature, potential advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made.

However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The contributors make every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Proactive Investors does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested.

WARNING: No recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness, in light of their own objectives, financial situation and/or needs, before acting on the advice.

DISCLOSURE: The Company, its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published.