



7 June 2016

Dear Shareholder,

Company Update

[Click here for the FNN interview with Managing Director Vanessa Guthrie - Company Update](#)

I am pleased to provide you with an update on the significant progress we have been making at our flagship Wiluna Uranium Project during the first half of this year.

Our 2015 drilling campaign has delivered a substantial increase to the grade and total resources across our primary deposits by targeting a re-interpretation of ore geology and research into the way we measure our resources. Very pleasingly this has translated into a significant improvement in our mining inventories, and more importantly some potential game-changing opportunities regarding our development strategy.

From the upgrade to resources we can now confidently run a high grade mining strategy that exploits 40 million pounds U3O8 resource and target an average grade of 0.1% to the processing plant. Based on this, our team believe there is an opportunity to significantly improve the processing circuit through innovation which will improve the project economics even further.

In particular, we are exploring beneficiation as a way to optimise the processing facility. Early results are promising, with an 80% rejection of the mass with just 10% loss of uranium, demonstrating the potential for beneficiation to transform the scale, design and cost of the processing circuit. Our focus now is to replicate these results, allowing a redesign of the process flow sheet to be completed. Based on this work, we are aiming to re-engineer the processing plant and mine plan to deliver significantly lower capital and operating costs for the project. These are very positive developments in our attempts to create a project that is more economically robust in the current uranium price environment.

At the same time as these technical studies have been underway, we have also been moving forward with our environmental approvals to add the Lake Maitland and Millipede pits to the existing environmental approvals for the Wiluna Project. The assessment process commenced in 2014, and has involved baseline environmental studies, community consultation and comprehensive impact assessment. The formal public consultation period has now closed and we have responded to all of the issues raised in these submissions. The WA Environmental Protection Authority are now undertaking their assessment and we are hopeful that the Environment Minister will be able to make a decision by the end of 2016.

We have also been pleased with our ongoing discussions with the local Aboriginal people who are the Native Title holders over the Wiluna country. We are now in the final stages of

formulating our mining agreement together, which will enable Toro to develop the Wiluna Project and ensure that the local Aboriginal people are able to participate in the economic benefits that the mine will bring to the local community.

Of course, all of this work has been undertaken in what has been one of the most challenging periods in the resource sector, and the global uranium market in particular. Although the short-term uranium market conditions remain tough, the long-term fundamentals are strong, based on the role that nuclear power can play in tackling climate change, highlighted during the international climate change talks in Paris late in 2015. China and India are on target to expand their nuclear power generation capacity to meet growing energy demand with clean, low emissions sources - and at Toro we remain well placed to meet the increased demand for uranium driven by this market growth.

Our team at Toro is focussed on improving Wiluna to be best placed to meet the need for Australian uranium into the growing Asian markets. With a healthy cash position and supportive major shareholders we are confident that we can further strengthen our position as the leading uranium development project in Australia.

I thank you for your ongoing support that helps us to be "Australia's uranium" and look forward to bringing you further good news during 2016 as we work towards our target to bring clean energy to a growing world.

Yours sincerely
TORO ENERGY LIMITED



Vanessa Guthrie
Managing Director